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The most powerful man in the world

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THE MOST POWERFUL MAN IN THE WORLD

If Glyn Roberts has selected a bold title for his biography of the man who displaced Rockefeller as the King of Oil, the book itself provides justification for his boldness. For Deterding, who has been hailed by sensation-trafficking writers in two continents as the hidden string-puller behind half the political schemes in the post-war era, has become one of the great legendary personal forces in world affairs. Many of the legends are untrue; but the truth itself, which Mr. Roberts has ferreted out with amazing industry from the most unlikely sources and in spite of Deterding's aversion to publicity, is actually more astonishing than the legends which journalists have been pulling out of hats.

Sir Henri Deterding has been described as the sole surviving specimen of the one-man trust. Certainly he is a man of masterful and aggressive temperament whose personal whims and prejudices have had a great deal to do with the fate of governments, of huge commercial enterprises and of millions of dollars of investments.

He is the man who foresaw the enormous place that oil was to have in the world.

He is the man who made his debut by taking a little oil concern, the Royal Dutch, merging it with the English Shell Transport and Trading Company, and with this puny instrument fighting the mighty Rockefeller to a standstill.

He is the Dutchman who got the protection of the British Navy.

He is the oilman whose major policy is to conserve reserves abroad while draining those of the United States—for which he is well loved by the British Admiralty.

He is the good friend of Walter Teagle of Standard Oil of New Jersey, now divorced from the other Rockefeller interests.

He is the man whose expansion was financed by the Rothschilds, and who now finances Hitler.

He is the man of whom Admiral Fisher said, "He is Napoleonic in daring and Cromwellian in thoroughness."

He is the man who helped to bring the United States into the World War at the critical moment by selling shares in his concerns in Wall Street.

He is the man who thought he had the Russian oil fields sewed up after the war, and who met his first defeat at the hands of the Bolsheviks, against whom he has been conducting a bitter and tireless struggle ever since.

He is the man whose story might be called "From Clerk to Colossus," who takes a strong, smashing political line, who juggles treaties, employs scores of secret agents and cheerfully abuses his enemies.

He is the man who played a big part in the famous incidents of the Zinoviev Letter and the Arcos Raid.

He is the man who backed General Gomez of Venezuela, the bloodiest dictator of modern times, and who now backs Franco and admires Mussolini.

He is the man of the keen financial brain who worships simplification and can practice it.

He is the man who admires the good judgment of men who admire him.

He is the man who, although still a Dutch citizen, is a major factor in the foreign policy of the country upon which the peace of the world depends — Great Britain.

He is the man whose word holds the power of life and death over millions.

He is the most powerful man in the world.

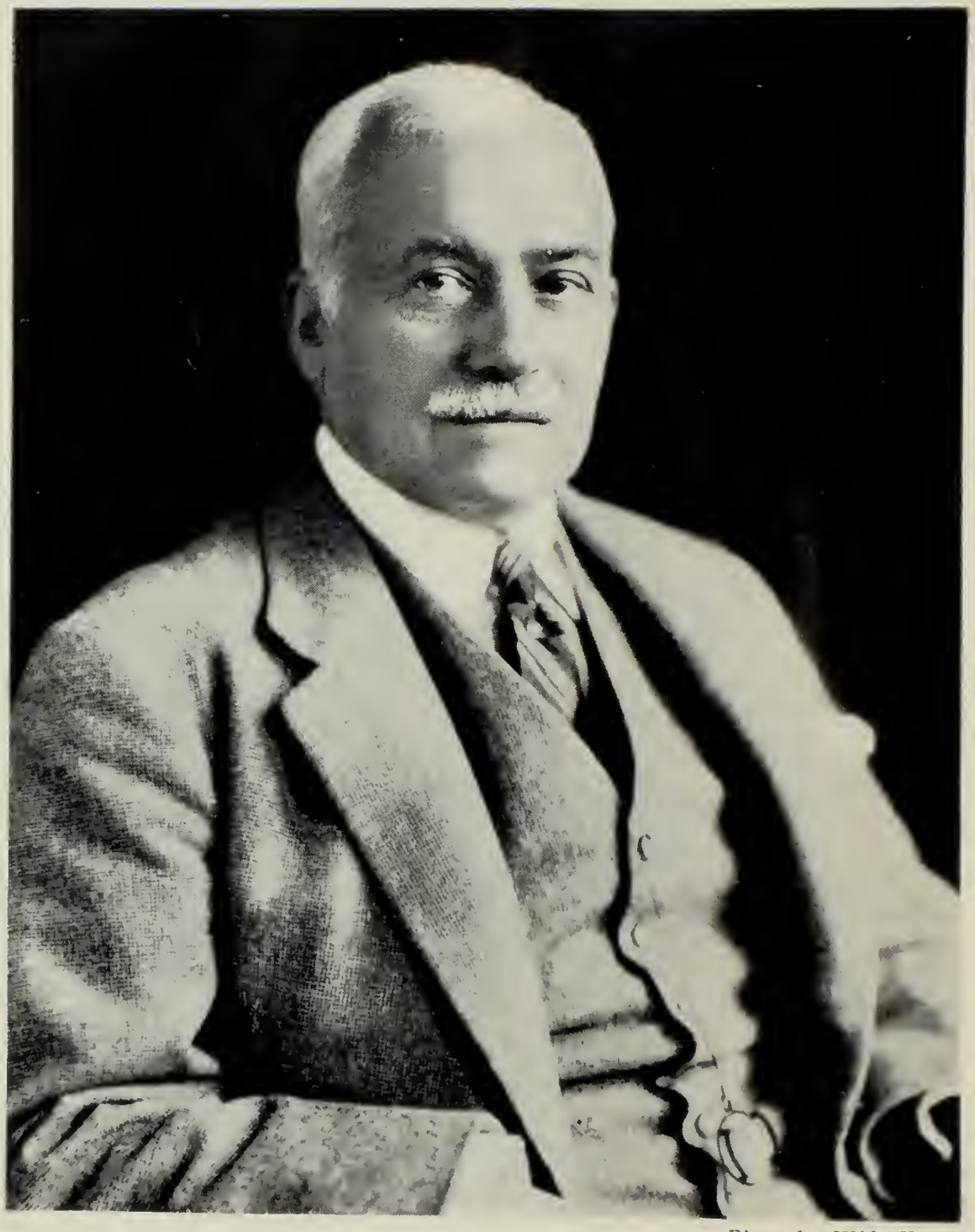

Photo by Wide World

SIR HENRI DETERDING

The most powerful man in the world

The Life of Sir Henri Deterding

BY GLYN ROBERTS

NEW YORK · COVICI · FRIEDE · PUBLISHERS

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DESIGNED BY ROBERT JOSEPHY

Dedicated to the memory of Ralph Fox —killed in action outside Madrid in January, 1937—who should have written this book; and to all those who went to Spain to fight by his side for what they believed in.

ACKNOWLEDGMENTS

I wish to express my thanks to all those who have helped me in the production of this book, and particularly Florence Wiles and Mr. Barthold Fles; also to Mr. Gerald Barry and Mr. Francis Williams, editors of the *News Chronicle* and the *Daily Herald* respectively.

"My son, you will be surprised with how little wisdom the world is governed."—Axel Oxenstiern, Swedish statesman, to his son.

"Wars are precipitated by motives which the statesmen responsible for them dare not publicly avow. A public discussion would drag these motives in their nudity into the open, where they would die of exposure to the withering contempt of humanity."—David Lloyd George, in the Cardiff *Western Mail*, April 7th, 1923.

"The profit seekers are usually in a position to exercise influence over their own Governments, and Governments regard the support of their profit seekers' activities in every part of the world as a highly important aim of public policy. . . . The gain of one country is necessarily loss to others; its loss is gain to them. Conflict is of the essence of the pursuit of power."—R. G. Hawtrey, economic expert of the British Treasury, in *Economic Aspects of Sovereignty*.

"Nothing is won by fighting vaguely against war. The paramount thing is to combat the forces that make for war. The oil kings are today the most promising of these forces."—Louis Fischer.

"It is even probable that the supremacy of nations may be determined by the possession of available petroleum and its products."—Calvin Coolidge.

"Oil . . . belongs to a democratic age and has been developed upon essentially democratic lines, although in doing so it has tended to create an entirely new aristocracy."—A. C. Hardy, European Director, *World Petroleum*.

"Mine is a personality which does not readily submerge itself."—Sir Henri Deterding.

"There is something sacred about a big business which provides a living for hundreds and thousands of families. . . . The continuance of that business becomes a holy trust. . . ."—Henry Ford.

I

ONE DAY very early in the twentieth century a large group of business men gathered in a private room of the Hotel Bristol in Berlin to take a few drinks together and to chat about business. Their business was this marvelous new trade in oil, a trade that but a few years before had had less significance than glass beads or coconuts. The men in the private room represented nine different nationalities, and they had come together for discussions which, even if not all of them realized it, might affect the whole future of Europe and of the world.

At the end of the morning session one of the most prominent delegates, a dignified greybeard, rose from his place and made his way towards the coatroom. Only the quick chair-scraping and limb-stretching betrayed the tension that ran beneath the casual surface of the meeting. One of the first to follow the elderly delegate was a very young-looking man. The greybeard buttonholed Frederick Lane, who represented the Rothschilds and who knew everyone who mattered.

"Who is that young fellow?" he murmured to Lane, a little testily. The young man overheard the question. He slid away behind some of the coats before they could see him, and waited anxiously for the answer.

"A Dutchman named Deterding," Lane told the delegate, not so quietly that he could not be heard behind the overcoats. "You don't know him yet, but you soon will. He's the coming man!"

At times a drop of unsolicited praise does nobody any harm. That afternoon Deterding voiced quite easily at the conference a few constructive points he had gone there to make.

A lot had happened to bring this Dutchman to that hotel in Berlin, to a conference at which his words were listened to attentively by the biggest European figures in one of the world's greatest industries.

Many stories exist as to the origin and childhood of the man today known in most of the capitals of the world as Sir Henri Deterding, one of the biggest industrial figures of our epoch. Many accounts are patently the fabrication of the malicious imaginations of flippant or occasionally hostile journalists, and some of these inventions have been repeated, reprinted and bandied about so persistently and so confusingly that, in one or two cases, what was intended as no more than a spicy leg-pull has been retold in a spirit of absolute seriousness. By far the fullest account of his own childhood and education has been given by Sir Henri himself.

Both Rotterdam and the Hague have been given as the birthplace of Sir Henri, but in fact he was born at Amsterdam. The date was April 19, 1866, and he was the fourth child out of five. His father was a seaman who had made his living by sailing up and down the Seven Seas, carrying cargo after cargo of the commodities which had made Holland, for its size, the most vigorous, efficient and prosperous trading community in the world. At the age of forty-two, his father contracted a fever in the East and died, leaving the family poor and apparently likely to become poorer very rapidly unless the children could do something to bring in money.

Henri, who had been christened Hendrik August Wilhelm, was only six years old when his father died. He was a normal boy, full of zest for life and tremendously anxious to grow up and go to sea as his father and many other ancestors in the Deterding family had done. As a child, he had no other plans. He wandered along the Amsterdam quays, staring in fascination at the swaying ships at anchor, at the huge castles of bales from every island and harbor in the world. He talked to the seamen, listening to far-fetched yarns, widening his eyes, clenching his fists with excitement, nursing with increasing determina-

tion his ambition to see the world and make a place for himself in Dutch commerce. At school he was a good boy, a sound, healthy, normal pupil, competent in the Dutch manner, serious and systematic in his studies while still less than ten years old.

Already he knew the sort of country he had been born in. He knew Holland's history, her function as a nation, how she had triumphed over apparently impossible odds, how she actually lived under the permanent threat of destruction by the sea, how the painfully constructed dykes, canals and embankments had made his little country a land of demure housewives, hard-bitten, systematic, acquisitive burghers, business men, traders, carriers, sailors, middlemen, financiers big and small. He sensed the phenomenal respect of the average Dutch middle-class family for private property and its protection. He grew up incapable of fully absorbing or understanding any other conception of property. He saw that Holland, his country, the land he knew best and loved most of all, had since the time of the creation of the Hansa and the Guilds worshiped the acquisition of money and the things it could buy. He saw that this creed has aroused in the bosom of greater and apparently much stronger nations envy and spite; but he saw that his Netherlands had always contrived to win in the end, sometimes by conquering her more potent rivals, always by the use of intelligent strategy. He saw the peaceful, low-lying acres of Holland, its lovely houses, its amiable, apple-cheeked women, its beefy children, affable burghers; its well-planned cities and charming villages, its clean and orderly streets and history-laden buildings. Of its traditions in fostering and encouraging great artists he knew something, and also of its record of giving succour to those whose views and interpretations of life were not approved by the powers adjoining little Holland.

What seemed good enough for the Holland which had borne him seemed good enough for Hendrik. It was true that in the Far East an army of occupation, consisting of the toughest and most brutal men an ingenious corps of recruiting sergeants could bring together from every land, was keeping in order the teeming Javanese and Balinese and the brownskins of Sumatra

and Celebes to the greater glory and profit of the Dutch Empire. But this did not keep him awake at night.

In Holland it is considered right, as being the proper practice for a land of tradesmen whose wives live to make their lives more pleasant, that women should do as they are told by men. In the Deterding family it was thought correct that wife should obey husband, and that children should obey parents. Obedience of those who, in the nature of things, were superior to you; that was the rule.

Hendrik went to school and got on with his studies. He was taught to know all about the world into which nearly every Dutch boy sooner or later went if he was to make his living. He was, at a very early age, taught the elements of English, German and French, the languages he would have to speak a good deal more than his native Dutch when he was a grown man. Studying at the "H.S." (Higher Citizens' School), he reached the age of thirteen still determined to become a sailor and unaware of any reasons why he should change his mind.

He knew that his father, at the time of his death, had made no plans for Hendrik's higher education. For the two elder boys, on the other hand, the old sailor had prepared the most careful plans. One was to become an Army Officer, the other a doctor of medicine. The third boy had grown up in the atmosphere of a seafaring man's home. On the walls of their little house hung pictures of sailing ships, of storms at sea, of rocky coasts. Models of ships of different periods were on the shelves—those ships which had made Rotterdam and Amsterdam two of the busiest and richest ports in the world. Into that life he meant to throw himself.

And then, one day during his thirteenth year, his mother called him to her. In her bosom there had waged a conflict between maternal love and the pressure of necessity. Hendrik was young, too young to face reality, and she would gladly have left him to his dreams yet a little while. But in the end necessity, assisted by the strong Dutch tradition of hard-headed practicality, won out. Hendrik must be told.

And in that moment when he stood before his mother's chair in the over-crowded, map-hung front room of the house in Amsterdam the boy became a man. His childhood castles collapsed, leaving in the place where they had been only a thin column of dust rising skyward, through which a seer might have discerned a crook in the course of history. For Hendrik found that the sea was not to be his career—not, at any rate, immediately after his schooling ended. His mother had some news for him, and she came to the point quickly. The point was that the Deterding household was rapidly going broke, and that, if the other two boys were to go through with the training which would give them a proper start in their professions, Hendrik ought to get ahead and make money as quickly as he could. She had used a good deal of the family's not very substantial capital to help them along.

Sir Henri still remembers this conversation. He says that it gave him "an almost adult vision. Though a boy in years, I ceased to have a boy's outlook. I began to think like a man, and thenceforward I resolved that my career must be in business."

A half-hour's conversation had done the trick; from that moment until he finished the excellent schooling which he managed to get in spite of all the poverty and uncertainty of their life, Hendrik kunckled down and got on with equipping himself for what he knew was a savagely competitive life. He tells us that he felt no resentment against the circumstances which had made it possible for his brothers to undergo prolonged and fairly expensive training for reputable professions. He realized for the first time all that his mother had been going through during the last seven years—how she had worried, planned, skimped and sacrificed herself in order to educate her sons, and yet had contrived to keep the home a happy one, free of the quarrels and neuroses and irritability which almost invariably accompany poverty. He resolved to waste no time in bringing in money.

By the time he was sixteen, young Hendrik was pretty well equipped to take some sort of business job. Actuated, so he

tells us, almost solely by filial piety and by the determination to make his mother's remaining days happy and free of worry, he contrived to get through, in three years' concentrated study, an examination which usually took four and sometimes five years. It was the knowledge, so he says, that his mother could not pay for a fourth year that spurred him on; he feels prouder of this success than of almost anything else he has ever achieved. He came out thirty-second out of forty-eight successful candidates. And now he could speak quite good English, French and German.

All this Sir Henri did for the sake of his mother, or at least so he says; it seems fair to conjecture whether these sacrifices were really sacrifices at all on the part of a young man who soon began to show such an amazing aptitude for the work into which he believes he was pushed. And what became of this lady, the mother of the prodigy? She lived on for a great many years, and the tie between her and her son was always close no matter how great a span of oceans and continents might lie between them. Sir Henri tells us that the day on which he and his sister and his two brothers stood by her open grave was one of the saddest in his life. On that occasion he tried to analyze the traits which he had inherited from her; if his analysis does not enlighten us much about his mother, it tells us something about Sir Henri himself. For he places at the head of the list of gifts which she gave him "a tremendous sense of duty, a certain inflexible standard, lower than which we must never sink." Sir Henri made quite certain of the wherewithal for the maintainance of his buoyancy.

Having passed his exam, young Hendrik, at sixteen, was quite well able to find a job in the extensive network of Dutch commerce. They wanted efficiency; he had it. They liked boys who believed in the sanctity of private property, in an unquestioning attitude towards the family, in the rightness, on all issues which might arise, of those who, by virtue of greater age or position, stood above them. They liked efficient but not excessively original employees.

Hendrik Deterding, solemn, anxious and with a good record,

looked very nice. On July 1st, 1882, he began to earn his living. A well-known Dutch institution, the Twentsche Bank, of Amsterdam, gave him a job as a clerk; he was their youngest employee.

Apparently banking never suited him. They had no very high opinion of him. He didn't fit in with the ultra-respectable and slow-moving conceptions by which the average banker was possessed—or rather, he refused to be possessed by them. To the bankers young Deterding seemed a blundering and tiresome young man who was in far too much of a hurry. His first chief took a very early dislike to him, and used to bully and nag him incessantly. Sir Henri believes that his reasoning was on the lines that the youngest member of his staff must have the largest number of faults. All the same, he liked being an earner, even though his pay worked out at hardly more than a dollar a week. He was paid monthly, and when it did come it seemed quite a lot.

The work was hard. There was any amount of drudgery, slogging away in rather musty, unhygienic offices at columns upon columns of figures, at never-ending records of tiny transactions. Frequently he was still at work at midnight and even later. There was no such thing as overtime money, certainly not in Holland. It was pretty stiff labor for a wage amounting to only a few dollars every month, but he thought it worth it. He was finding out the things that were important—how trade works, the different abbreviations and technical jargon used by tradesmen the world over. He was getting an insight, in actual practice, into the mind of the business man.

When work was over, he and his colleagues, most of them exhausted and faintly resentful at the amount of work extracted from them for such insignificant pay, tumbled into a small all-night café standing near the staid bank's offices. There, on herring and beer, they ravenously made up for the hours of work. Hendrik found out, by keeping his wits about him both at his work and even at these off-duty tuck-ins, a good deal about the activities and connections of the bank. He was noting a thousand and one apparently irrelevant things; he was finding

out about human nature, about the foibles of men, their vanities and weaknesses as well as virtues and qualities. To this day Sir Henri thinks that work in a bank is an excellent way for a young man of ambition to get started and to learn the methods by which he can move ahead. He has said that a bank teaches better than anything else a lesson that he regards as extremely important—how to work in a team, without loss of temper or decrease of efficiency.

Soon he was working under a new head, a man named Vanderbyll, who appears to have liked Deterding a good deal better than some of the other higher officials in the bank. Vanderbyll had a good knack of convincing his employees that he was their friend and not their boss. He used to chat to them during their brief intervals for quaffing a lager and chewing a few sandwiches. He used to hold forth to young Deterding and his colleagues on the problems and ethics of finance and speculation, and the youngster found these chats completely entrancing. He would listen to Vanderbyll advising customers who had capital to invest, and to this day he retains an admiration for the shrewdness and—to his mind—the fairness of the young Dutch banker. After Deterding's extraordinarily rapid rise in the world took him into the confidences of the biggest men of affairs, he continued to correspond with Vanderbyll, and was still doing so at the time of his retirement. The oil magnate, whose "lynx-eye for balance sheets and figures" used to astonish and impress financiers and industrialists from New York to Constantinople, gladly gives credit to Vanderbyll for his training in this respect. The man "whose middle name is Merger," according to American writers, has been able successfully to put through the phenomenally complex and numerous business mergers which have punctuated his career because he learned in detail the art of examining and thoroughly digesting and comprehending balance sheets.

Figures for young Deterding were what etchings or plays or cigarette cards or perhaps new dance steps are to other young men. They were the things which intrigued and fascinated him. He never tired of them. He knew that once he understood them

he had an immense advantage over the great majority of his colleagues and over those who might one day become his rivals.

In time he was moved into the Stocks department of the bank, and given the chance to find out all there was to know about Stocks and Investments and the procedure followed on Stock Exchanges. All this was balm to him. But he never stopped merely at the surface facts of things. He pried and dug and delved; he wanted to know the human factors, the actual background and prospects of every concern with which the bank had any dealings at all. Reports and balance sheets became his hobby. As practical exercises, he used to test himself at night or at weekends with endless questions and problems bearing on the different companies of whose condition and activities he knew anything. He was still under twenty. While other youths were discussing women or the theatre or sport, Hendrik Deterding would be turning over in his mind, testing and questing without end, such—to him—engrossing teasers as where the surplus capital of the concern in question was invested, what its properties were really worth, whether its plans for trade expansion were correctly evolved, whether its finances were liquid enough to permit such a growth, whether its profits were large enough and whether policy, from the point of view of continuity, suggested continued success. There were others, he tells us, in that remarkable bank in Amsterdam, working on just the same problems, "a short and easy means of getting acquainted with Finance." But Sir Henri, looking back a little complacently from the pinnacle of fifty years' increasing success and a millionaire's bankroll, doesn't think it's quite the same nowadays: "Are there many present-day youngsters in business who would take so much trouble? . . . Frankly, I am not sure."

Hendrik knew a thing or two by this time. He was a fairly sound all-round bank man who had lived alertly for twenty years in one of the world's greatest and busiest and most cosmopolitan trade centers. He had a fair opinion of himself; he saw huge fortunes being made, one way and another. He knew that Holland educated her sons principally for one end, the acquisition of money. And he believed he had had a per-

fectly good grounding in most of the subjects necessary for success in business. The blood of his ancestors was warm and restless in him; they had lived dangerously, seeing the world and its million beauties and strangenesses. They had rounded rocky forelands in their frail schooners, they had bartered crude metal goods for the spices and jewelry of the East. They had built up the compactest and, relatively, the richest and best organized Empire in the world. They had made Holland wealthy by daring greatly.

Was he going to be just one of the mob? Certainly, if Holland was to be a great financial and commercial power, she needed quiet little men in striped trousers and high collars, men to stay at home to count up and put into neat little piles the gold won by the brawn and daring and ingenuity of the go-getters. Certainly he knew all about that; he would know for good now, no matter what turn his life took, how the wheels of commerce went round. Very interesting it was, too. He thought that quite sincerely. But one other thing he observed, and that was that there didn't seem to be much profit in working for a big bank. It was true he might rise high in the organization, might in time become a manager, a director, even a big shareholder and a voice in the affairs of Holland. But it was terribly slow work; it had been done, yet it was apparent to Deterding that in nine cases out of ten, when a young man rose very rapidly to the head of an organization, it was in a concern handling some commodity other than money itself.

He was restless, dissatisfied. After six years of very hard work at the desks and ledgers of the Twentsche Bank, he got another job. It was the sort of job to thrill any Dutch boy, and even when his mother heard the news—though it meant she would not see her son for a very long time—the practical Dutch lady could not but register a sort of "melancholy satisfaction." Deterding was convinced that he was now worth a good deal more money than the Bank seemed willing to pay him, so he had taken to scanning the advertisement columns of

newspapers for notices of interesting business openings, and he occasionally sat exams for the better posts.

Then, one day, success came. He was placed first in the list of candidates for positions in the colonial organization of the Nederlandsche Handelsmaatschappÿ, which has just about the same prestige in Holland and her history as the East India Company has in England and hers. The Netherlands Trading Society, to give it its English name, was a banking enterprise which concerned itself with almost every aspect of Dutch trade, and it worked hand in glove with the Dutch government and the Royal Family in seeing that the broad stream of dividends flowing into comfortable little Holland, not only from its own dominions but from other sources as well, never ran dry. Its job was to keep the stream increasing, to find new ways of getting money for the plump and comfortable citizens behind the dykes.

The parting came. Deterding set off, confident, exhilarated, half happy, half melancholy; he was wondering just where he would be in a few years' time, how long he would remain subject to other men's orders, when he could so manhandle circumstances as to put him in a position where he was himself reaping the profits of his own vigorous work. He felt lonely in the East, having no acquaintances there and very little knowledge of the conventions and habits of the Dutch colonies. But within a month of his arrival he was joined by another young Dutchman whom he had known well back at Amsterdam. Both had taken the examination together; and Deterding had come in first and C. J. K. Van Aalst a very close second. Less than thirty years later, each of these two Dutchmen was given a knighthood by the English Government, an honor supposed to be reserved for British subjects, but in fact handed out to quite a number of aliens whose wartime service was appreciated by the slick organizers of Whitehall. By that time Deterding was the head of an enormous international trust, and Van Aalst (who became a fellow director of the same concern) the President of the Netherlands Trading Society and an extremely influential international financier.

Young Deterding was not given very exciting work at first. The company sent him to a small town called Deli. It was a very remote and unimportant place; but apparently the books of the Society kept at Deli had got into a mess, and this ambitious kid from the home country seemed quite a suitable person to send along to find out what was wrong. It would serve at least two purposes—it would remind him that, however smart he might have felt himself for winning this job, he would have to start at the bottom out there; and it would give the company a shrewd idea of what he was like.

When the new fellow got out there, he found he had a job on his hands. The books were in appalling chaos; he hardly knew where to begin, or whether he could seriously hope to get any decent results at all. Deterding knew he had a natural bent for accountancy, but after a few hours with those books, he really thought he was licked. They had been balanced monthly, but never correctly, so that the errors of one month were partially the consequence of the wrong figures for the previous month, and so on—how far? The situation was enough to get any young man down. At the end of his first week, the sub-agent, whose name was Cruys, asked him: "Will you be able to stick it out?" Hendrik cracked back decisively: "I'll let you know on Monday morning."

Sir Henri Deterding, who loves the moralized fable and the anecdote carrying a lesson, assures us that: "Had I let that tough book-keeping job at Deli master me, instead of mastering it, my whole life would have been different. A minor bookkeeper I then was, and a minor bookkeeper I should probably still be, if I had not grappled with, and finally throttled that hydra-headed monster in the shape of the jumbled, confused mass of figures I had then to unravel. The supreme advantage to me of unraveling those figures was that it gave me the unraveling habit."

Hendrik Deterding, as he prepared to tackle this job on which he felt even then that his whole future might turn, spent the next forty-eight hours at physical exercise. This, then and thereafter throughout his business career, remained his

method of preparing for a sustained period of really hard thinking. For the whole of that weekend he walked, but while he walked he thought. By the time he was reaching for those ledgers once more on the Monday morning he already felt that he had seen the light. Not until Thursday, after four grueling days' work, did he find out what he believed to be the clue to the trouble. But now he saw what he had to do. He would have to start eighteen months back. He would have to create entirely new accounts for any business done while he was working on the trouble, and simultaneously re-check the inventory of every day's business done during those eighteen months, working backwards. Only a man in love with figures and really fanatically determined to make his superiors aware of him would have undertaken such a stupendous labor.

Deterding did it. At the end of four months everything was in good order, every knot straightened out, and young Deterding was duly conceded to be a pretty hard-working and smart fellow. He was given a raise of salary of 75 percent—the largest, he claims, he has ever received.

They had their eye on him now. They knew that he was a young man who could, evidently, be trusted with quite complex and responsible jobs. That was the sort of man a concern like the Society could use, provided he never forgot that he was there to work for the Society, not by any chance for himself. He was put on to a good many different jobs, and then one day the chief manager for the whole region called him in. "Have you reached your majority?" he asked bluntly. He was informed, slightly resentfully, that Deterding was indeed over twenty-one. The boss said that he hardly looked more than a kid and he had to make sure, because the Society wanted him to act temporarily as its agent at Medan.

This was a really big step upwards. Medan was one of the principal towns in the Dutch East Indies, and the work it provided was incredibly varied. Every race on earth was there, every weird trade was followed. The Society, when it had been established in 1824, had been concerned chiefly, almost entirely, with trading; but as time wore on, the banking side of the busi-

ness became more and more important. It financed plantations where rubber, tobacco and tea were grown, and its own investments in these and other industries were continually increasing. In the eighties of the last century the banking interest of the Society became predominant, and it was the financing of various enterprises, of every imaginable type and in size mostly pretty small, with which Hendrik Deterding became absorbed. After writing home to tell his mother of his quick promotion, he applied himself enthusiastically to the task of making himself a success. The work was not conducted on pompous lines; callers ranged from unscrupulous-looking adventurers, Dutchmen, Germans, Armenians, Jews, Englishmen, Portuguese, to impenetrable Chinese and occasionally an Indian, a Jap or even a native Javanese or Celebese. He had to learn to make quick decisions, to form at very short notice and on very inadequate data an estimate of a man's character, to take financial risks, to know when it was necessary to risk giving offense by saying no. And he had to know something of a score of different trades, many of them extremely technical and peculiar to the region, and to know just how conditions in each were from week to week. Before advancing money to the many who came to borrow, he had to obtain, if it was at all possible, confidential advice from an independent source as to the reliability of the borrower.

This was the point at which Deterding discovered how money was to be made. He found out many means of increasing the branch's turnover; he uncovered new businesses and new ways of exploiting old business. This increase he thinks was the result of an enthusiasm for "sniftering around," to use his own words, and he believes, most definitely, that "without this flair for sniftering, no man starting from the bottom can make money on a large scale." He began to apply this knack of his in most unusual ways. He began to study the periodic movements of market discount rates, both exchange and market, in different centers of the financial world, and learned to anticipate, within reasonable margins, how they would fluctuate. He turned this knowledge to profitable account. At Penang, where he worked

after leaving Medan, the discount rate was the same for long-sight bills as for short-sight bills. It was fixed, too, regardless of fluctuations in other parts of the world. So Deterding started buying long-sight bills, all he could lay his hands on, and selling them "T.T. on London"—by Telegraphic Transfer. By saving on Acceptances, as well, he began to make appreciable sums of money. But these sums were made, needless to say, for the Society, not for him; and soon friction arose.

He began to ask for more pay. He had got a pretty high opinion of his own smartness at this time. The firm did not think he was entirely without faults. They said his reports and letters were not as correctly or precisely worded as they would have liked. Deterding angrily commented that he had been under the impression that his job was to make money, not to write literary theses. About this time he fell ill. His throat was inflamed and he applied for leave to consult a good doctor; the firm told him he had done extremely hard work for them and said he might take two months' holiday for a medical cure at a place called Magelang. This cooled his wrath a little; but not for long.

Almost as soon as he had begun to stretch his arms and appreciate to the full the leisure and comfort of his holiday, Deterding was abruptly summoned back to Penang. A Chinese cashier had been caught falsifying the accounts, and the Society considered that he ought to come and investigate the whole business. But Deterding claimed that he knew all about this particular Chink, knew that he was a bad 'un and had told the Society so over and over again. Why, if they had taken a bit of notice of him, it would never have happened. It was just too bad, particularly after they had been so stingy over the added profits at Penang. Deterding was in an evil temper; he felt he had been treated very badly. He sat down and wrote two letters. One of them was to his superiors in the Netherlands Trading Society. It said, among other things: "I would rather not work with the Netherlands Trading Society if I am never to share in the profits of Penang but am called back, nothwithstanding, when something goes wrong in my absence."

The other letter was addressed to a certain J. B. A. Kessler. It reminded Mr. Kessler that some six months ago he had offered the writer a job in his firm, and that this offer had been repeated several times. Now, Mr. Kessler might be interested to know, the writer was willing to talk business.

On May 15th, 1896, Hendrik Deterding joined "the Royal Dutch Company for the Working of Petroleum Wells in the Dutch East Indies."

II

OIL, if a man learn the trick, can give him power. It is a simple trick, and at the end of the nineteenth century its mastery was open to any man of determination who could but grasp its import. Rockefeller was the first expert performer of the trick. He learned the fundamentals well, but he neglected its niceties. Too late, and to his considerable pain, they were taught to him by a young Dutchman of obscure origins, Hendrik August Wilhelm Deterding.

If Rockefeller had pursued the logic of his own methods a little more thoroughly and a little more relentlessly, if the master had not nodded, there would have been no Sir Henri, and Hendrik August Wilhelm would most likely be the managing director of a none too important Dutch trading company. But the master did nod, and in the moment of nodding the pupil stripped him of whatever claims he had to the title of The Most Powerful Man in the World.

We are about to follow the story of the events leading up to this dramatic conflict, and of the vast consequences which followed Deterding's swift rise to power. For a full understanding of this story, however, it is necessary to sketch the position of the oil trade in world affairs before his advent on the scene.

The last hundred years has witnessed the crystallization of capitalist forms of production and financial organization. It is easy to look back now and to detect the strong drift toward monopoly. In any field the private ownership of the instruments by which material wealth is produced leads inevitably to the creation of larger and larger units. But Rockefeller and Deterding learned the lesson of the times long before it was

printed in any textbook. They both knew that the road to power ran over the bowed heads of ruined competitors; they both knew this, and out of the knowledge arose the worldwide conflict from which Deterding emerged the victor.

The socialist too contends that the elimination of competition within a certain service or industry is a right and proper objective, but he insists that the control of the unified organization shall be, as directly as possible, in the hands of the ordinary man who works. The capitalist merely aims at the destruction of his competitors, that is, at their demise *as* competitors, and at the creation of a ring or monopoly for his own greater profit.

The capitalist must logically aim at monopoly. The fact that ninety-nine out of every hundred capitalists do practically no genuine objective thinking at all in no way lessens the purposeful energy of the hundredth; it simply makes his path easier. Every important industry has its "diplomats," its "far-seeing statesmen," its "splendid organizers." These men are by nature rationalizers, but they work (and are usually frank about it, since they can conceive of no other worthy objective) in the interest not of the whole of the community but of one section of it, their own particular buddies, their shareholders and directors. Gradually the smaller operators are crushed. Their overhead charges become relatively larger, they cannot afford to advertise, they find important markets inexplicably growing cold and vital sources of raw material mysteriously cut off. The rationalization of an industry within the capitalist framework has one logical end and one only—the creation of a single unit monopolizing the product and able, if it wishes, to dictate prices and terms and perhaps political policy to governments.

The oil industry is the classical laboratory case of this tendency. During the lifetime of a single man, only lately dead, the astonishing John Davison Rockefeller, an organization was built up in the United States and directed from Manhattan which threatened to become as powerful as any single political unit existing in the world. The Standard Oil Company, despite sensational attacks from indignant if not very clear-thinking

moralists, despite public hatred, private rivals and state legislation to restrict its power, became so strong, so aggressive, so uncontrollably ambitious, that everything pointed to its bestriding the world. There was competition, certainly—principally from the Caucasian fields of Czarist Russia. It was true, too, that King Coal was still vigorous and lusty. The world's navies as well as her mercantile services and her huge railway systems still used coal. Thus, at the turn of the century, which is the significant moment, Standard Oil had two obstacles to overcome if it was to attain unchallengeable authority in the world's affairs. First, it had to create "unity" within the oil industry; that is to say, it had to nose out and worry or squeeze or strangle or otherwise do to death every single competitor, everyone who dared extract oil from the ground and sell it. Then, already powerful, it could quietly set about crushing the other industrial and transport fuels, principally coal. The ultimate aim was simple enough: to bring every oilfield in the world under centralized private control and then so to arrange things that every battleship, motor-car, railway engine, factory motor, electricity generator and aeroplane used only oil—and paid properly for it.

That would be Power. To attain such a position would be worth very considerable effort. But its attainment demanded organization, and huge reserves of liquid capital; it presupposed the existence in the right quarters of unsqueamish minds, of hard-bitten and unsentimental hearts. It needed a great army of experts, naval men, technicians, engineers and surveyors; it needed, too, for other business, the shrewdest legal brains, the most daring spirits, the most tactfully unquestioning adventurers—men who like action and do not ask too persistently who will reap the benefit of the completed act. Flexible diplomats, traveled linguists, pigeon-hole-minded collectors and sorters of useful information, tramp-mouthed "investigators," shrewd and plausible and verbose creators and manipulators of public opinion, experts in the art of button-holing and back-slapping and elbow-bending and story-swapping—men who understand the minds and weaknesses and foibles of the

splendid fellows whom American democracy chooses as its representatives to discuss public problems and to legislate thereon.

In short, any such great capitalist combination needed its own civil service, its own governmental department and highly specialized general staff, its own propaganda department and enterprising intelligence service, in precisely the same way that the great political units needed theirs. Without as yet openly, or at any rate without continuously challenging the right of the political republics, empires and commonwealths to determine the destiny of peoples, many trusts and international combines were obviously heading for a position where they could bring immense pressure, secret or open, direct or indirect, fair or unfair, upon almost any government which defied or displeased them. But not one of these commercial giants, in 1900, had reached anything like so great a degree of international power, whether in industry, transport or warfare, as the Standard Oil Company.

We should not be misled by the fact that Standard Oil was essentially the product of the single-minded fanaticism, of the one-track, almost religious acquisitive zeal of a single man, the hatchet-faced Rockefeller. Standard Oil, it must be insisted, would almost certainly have emerged in its essential tough, truculent, monopolistic form, even had John D. Rockefeller never been born.

It is muddle-headed to regret the deeds and abuse the business ethics of Rockefeller; he was no less a product of his era than Kreuger or Lowenstein or Zaharoff or Coty or Citroën—to mention only a few of the more colorful blooms of capitalism. If they had not done the job, there would have been others, differing in little but name. It would be foolish to deny that personal whims and hereditary oddities, bitternesses created by childhood environment, inaptitude for theoretical thinking begot by too early an entry into the wrangle of big business—that such factors can condition the development of an organization, an industry, and even an era. But there is a limit to such influences. It is dangerous, and in my view fatally

misleading, to overestimate the importance of the personal factor. Most of the readers of John Gunther's recent book *Inside Europe* will have put it down with the impression that the Nazi movement in Germany is the direct consequence of the particular personal foibles of the man Hitler; and, what is more important, they will conclude that Germany today would be totally different had Hitler not "happened."

It cannot be stated too often or too emphatically that a huge body of thoughtful and competent judges deny the validity of this historical attitude and of all similar attitudes. No one is entitled to say with certainty that Hitler made modern Germany or Mussolini modern Italy. Their careers have coincided with the emergence of fascist political regimes in the countries of which they are citizens, and they have played prominent parts in the events leading up to the creation of those regimes and in what has happened since; they have been ceaselessly in the public eye. But does that prove that Hitler *made* modern Germany, or Mussolini modern Italy? Because something follows something else in point of time, it is not necessarily its consequence. Because the sun came up every morning after he crowed, poor Chantecler, the silly mug, imagined it was his crowing that brought it up, and an eclipse gave him heart failure. The logicians of old times called his reasoning the fallacy of *post hoc, ergo propter hoc.* There are many millions of Chanteclers wandering around, baffled, bemused, garrulous and head-in-the-air, fooling themselves that events move in that way. If German capitalism hears the rumbles and sees the flashes of its coming collapse and decides to tighten its belt, mail its fist and prepare to fight its natural enemy, the People, it does not care particularly what may be the name and face and birthplace of the man it appoints to gull as many of the People as possible. If it had not been Hitler, it would have been a Goering, perhaps, or a Strasser, or some army officer of whom we've never heard, or one of Little Willie's smart sons. But Germany would have gone fascist, Hitler or no Hitler. They chose him. In 1923 they could have chosen any one of a dozen others. Reactionary political parties, penniless, grotesque and

directionless, were hopefully popping up in every province, strutting in fantastic uniforms and screaming the oddest slogans. Someone decided that Adolf Hitler and his National Socialists —a party which had frequently seemed about to expire for lack of funds, native daftness or sheer discouragement—had "got something." And presto, mysteriously, the Nazis acquired uniforms, newspapers, printing presses, wage funds, real property. They got money.

A big detour, I know, but relevant. In just the same way as political organizations, so do great trading empires follow the logic of their natures. If John D. Rockefeller, the frigid, prematurely aged, joyless, calculating automaton of the crazy Pennsylvania oilfields, had not come along, would the history of the oil industry, in its broad trends, have been different from what, to date, it has been? Surely not. Perhaps the truly incomparable ruthlessness and direct, pervasive efficiency of this particular man trustified the American oil industry earlier, quite a good bit earlier, than it would otherwise have been trustified. Even that is pure conjecture. Had he not existed, the first great American oil trust might have had some other name. It might have operated less dictatorially; it might have given its weaker competitors a room or two in its own great edifice, instead of hoofing them all out, unclothed and penniless, into the snow, as Rockefeller did. We cannot tell. It might have developed in some direction we never think of. Most interesting speculation of all, it might have succeeded in ways in which he, most stupid and unseeing of men in some respects, failed grievously. It might have known the proper way to smash or absorb *all* its competitors, choosing the right bait or weapon, and the most opportune moment. It might even have exterminated the upstart Deterding before it was too late. Indeed, the personal factors in the story of Standard Oil are more intriguing on the negative side than on the positive. Rockefeller's own shortcomings may perhaps be blamed for the most decisive and spectacular failure of his trust; they cannot with any certainty be credited with its early irresistible successes. It seems all but

certain that these were inevitable; that they were inherent in the situation.

Petroleum, of all commodities, lends itself most charitably to the big operator. The cards are from the start heavily stacked in his favor, and with the passage of time his advantage becomes even more pronounced. He can't even begin unless he has a good deal of capital. Prospecting for oil, pumping it up once found, transporting it, refining it, and finally retailing it to the consumer—all this costs money, real money. Then he has to wait a good bit before his investment begins to bring anything in.

At the beginning of the age of oil in commerce, competitors started from a more or less equal position. But they didn't stay like that very long. One man was more ruthless than another; he saw farther ahead; he could wait better; he could spin a better yarn to financiers willing to speculate a little; he could recognize a potentially valuable employee more quickly; maybe he could corner the other fellow's market while he slept, or tip off a few roughnecks to create labor troubles. Imagine now that one man, by native shrewdness or industry or lack of scruple, has got ahead, fairly well ahead of all his rivals in a particular sphere. How much chance have they of catching up with him? And that's not all. Soon the question is, how long can they hope to remain in the business at all?

Everyone who has cared to find out knows how Rockefeller got right out ahead of his rivals in America. He knew what he wanted and he was prepared to sacrifice anything and anyone to get it. By the time he was twenty he had turned his back on pleasure. Earning four dollars a week, he contrived most virtuously to save part of it. He was already a man of capital. At twenty-three, alert, observant and greedy with a sort of horrible, comprehensive logic, he had arrived on the spot where some hardy prospectors and tough but haphazard speculators were getting the petroleum up in Pennsylvania—and selling it for good money. He looked around and saw chaos, a bedlam of speculation, gambling, uneconomic wastage, overlapping, reckless overproduction, needless undercutting. It

seemed to him irrational, stupid, unprofitable; no point in it at all. These huge, check-shirted carousing tough guys, pouring in from every corner of the earth, putting up their fists on the slightest pretext, drinking and making love all night, working only when they felt like it, spending all they made as soon as they made it, laughing and quarreling—they had no interest for our circumspect and beady-eyed non-conformist. He decided that it was high time the industry become respectable. It needed to be knocked into shape and made a going concern. He decided that he was the man to do this—that he was the man who would make America's oil his own, and wield the power it could give him.

"Take Rockefeller," cried little Mr. Wells in that intriguing little squeak of his, chatting with Stalin and explaining kindly to him just what he was doing wrong. "He is a brilliant organizer; he sets an example of how to organize the delivery of oil that is worthy of emulation." (Nowadays Mr. Wells, Polly-like, cannot conceal his excited hero-worship of the Fords and the Nuffields and the McGowans—scarcely tries to conceal it.) Way back in the late sixties, young Rockefeller began to show those qualities of initiative and organizing ability which our verbose little English Liberal has found so admirable. He began to organize the delivery of oil in a way which, whether worthy or not, men of later days in unexpected parts of the world were to find strangely effective.

Rockefeller, no gambler, approached his problems systematically, coping with one question first, then another. He moved into action. With his friend Clark he arrived at Oil Creek to open a small refinery. They had very little capital, but they knew that a refinery would assure them, at this particular moment, of steady and fairly rapid profits. Rockefeller skinned his eyes, went without sleep, learnt the business from top to bottom. In three years he and the three partners he took in had made a profit of one hundred thousand dollars. They auctioned off control of the whole business at that stage, a grim affair of tense faces and sweating foreheads. John D. bought out the others for seventy-two thousand dollars.

Believing in God and in himself, he set out to lick the world. At twenty-six he was moderately rich, and a man respected and feared in the petroleum industry. He meant to go much further, and he had the foresight to see that the key to power was the control of transport. If only he could maneuver things so that he alone had access to the means of transporting the oil from the source to the consumer, he would have a stranglehold on his competitors, and in due course would drive them out of business.

The story of Rockefeller's victory in the transport battle is and will remain for all time one of the tremendous epics of individual enterprise. On January 10, 1870, he announced the formation of the Standard Oil Company, with a capital of one million dollars and resources consisting of the refineries and tanks of many producers. At once he arranged a number of deals with the great railway combines by which both the oil company and the railway bosses made huge profits—for which the man in the street paid. Now Rockefeller was becoming a man of national stature. He began to freeze out competitors. Sabotage, labor unrest, ruinous price-cutting, impossibly high transport charges—these were the conditions oil producers outside the Standard ring found themselves forced to cope with. Most of them couldn't do it. In various ways, some of them still wrapped in mystery, Rockefeller compelled the railroads to give him rates which enabled him hopelessly to undercut the selling price of his remaining rivals. Indeed, by an ingenious rebate bargain with the railroads, Rockefeller got a large proportion of his oil transported not merely cheaply, but absolutely free. He increased his capital considerably, and by threats and pressure forced twenty fairly important competitors to come into his organization. Later, rioting and widespread discontent compelled the railways to dissociate themselves from Rockefeller. But he was well enough established to laugh at the withdrawal of their assistance. Controlling the great majority of the refineries available, he was already in indirect control of the industry, and the demand for petroleum products, thanks to the widespread use of various new oil-burning gadgets re-

cently invented, was increasing all over the world. The temptation of a good thing was too much for the railroads. Vanderbilt had piously vowed that he would never again have any dealings with a man of Rockefeller's character; blocks of Standard shares were dangled before his eyes to overcome his scruples. The old connections were re-established and even enlarged. The next step was the creation of a "Central Association" of several important refineries which would appear to compete with one another but would in fact cooperate in the interest of huge profits. By this time so large a proportion of the important refineries were in Rockefeller's camp that he could and did dictate terms to most of those remaining outside. And that included not only the refineries in Pennsylvania, but those in all the many places in America in which oil had now been found.

Price wars smashed the obstinate ones, and artificially created price structures recouped the losses of the wars. It was an excellent technique, but possible only to a man with immense resources. These Rockefeller now had. His really difficult days over, he set about consolidating his position. The all-importance, strategically, of monopolizing the means of transport was evident. The railroads had given him trouble; he resolved to dispense with the railroads. Not all at once, though. First he replaced his wooden containers with metal tank containers; then the tank containers with metal tank cars. The next logical step was a pipeline direct from oilfield to consumer. The pipelines sprouted; soon a network, costing millions upon millions, spread over the Eastern states; all of it Rockefeller's. Now his competitors' last chance had gone; he could transport his oil at one-sixth the cost of the cheapest railroad rate. If his rivals tried to lay their own pipes, they found the landowners always unwilling to give the necessary permit. A secret power was making itself felt through every phase of American life: state administrations toed the line, newspapers editorialized in tune, municipal bosses facilitated Standard's progress. The assets of the trust by this time were enormous, amounting in oilfields, in plants, refineries, pipeline investments, cash and shipping, to many millions of dollars; a concentrated and co-ordinated mech-

anism against which no oil producer of any significance at all could compete and survive.

The total petroleum resources of the United States at this time were immense. Gushers were brought in, huge columns of erupting oil which frequently ran completely to waste for weeks on end and at times caught fire and endangered life and property for miles around. But only Rockefeller counted for much, and with the passing of time his relative importance became not less but greater. Whenever some new oilfield was discovered, Standard agents could, if they wished, secure control. They had huge reserves of fluid capital which they could throw at the shortest notice into an issue in any corner of America—any corner, in time, of the whole world.

For the methods which were successful inside the United States were almost equally successful outside. Over a long period there was next to no opposition. Small independent producers, refiners and sellers could do nothing against this immensely complex and thoroughly rationalized machine which controlled every phase of production and marketing and could if necessary dump huge quantities of oil at a price well below cost in order to crush a troublesome competitor in some far corner of the earth. That was the Rockefeller method. If a producer whose fields were, perhaps, quite near a certain market tried to retain or extend his position in that market—say, China or the Near East—the Standard tankers would simply throw huge quantities of their unlimited product into that market at a price well below the competitor's lowest practicable rate. And Standard could keep it up indefinitely. Not that it was often necessary.

Nor did Rockefeller, whose capacity for absorbing the world's wealth appeared to be unlimited, suffer any financial loss through these very one-sided price wars. Far from it; the advantage of a worldwide organization soon became obvious. Not only had he the elaborate mechanism of railroads, quays, fleets of tankers and pipelines and really formidable capital funds, but the extent of his markets enabled him to recuperate in one corner of the world what temporarily he was losing in another. If he

was compelled to sell a few thousand tons below cost in Canton, then the purchasers at Sydney or Marseilles found themselves, willy-nilly, made to pay that loss in increased prices. This, of course, would be in one of the markets where competition with the Standard product was ineffective or non-existent.

This was the genesis of the dream of monopoly. A monopoly in oil might lead to immense power in the affairs of the world. In a mechanized age the man who controlled the fuel necessary to industry and transport could dictate prices and politics. This began to be evident to a few far-seeing men as far back as 1880. Already some scientists and business men and a few brass-hats and naval officials were learning what politicians started solemnly to pronounce with heavy emphasis and portentous self-importance only in the twenties of this century—that oil was giving world power to those who controlled it. And the inventions of Benz and Daimler, and later of the Wright brothers, and their mass exploitation, gave a factual basis to the predictions that oil and its derivatives would become even more vital in peacetime and in wartime than had seemed likely in 1880.

As oil's profits increased, so its tendency to propagandize and to affect and manipulate the course of events increased. Once oil had got half the world, nothing would do but that it should get the remaining half as well. A new invention might appear on the scene so constructed that it would function either on oil or upon some alternative fuel. Since the financial and other support of the oil concerns would be conditional upon the gadget's exclusive use of oil, the owners and backers of the invention would have to see to it that the alternative fuel could not be used. Then the new machine would be ballyhooed and subsidized and brought into mass production. If, on the other hand, a new invention was likely to lessen the power of the oil industry, it would be bought up only to be suppressed. (One may recall the famous legend of the electric automobile.)

The oil industry, represented at this period principally by the hulking new Standard combination, tended more and more to recognize its own power and to behave accordingly. Systemati-

cally mapping out the world and nothing less as its province, the General Staff directing Standard's operations bore into every country in the world, occasionally looking round (though not very keenly or intelligently at this stage) for new potential supplies of crude oil, and very vigorously selling to the natives —at prices producing luxurious profits—a steady stream of petrol and various oil products. An information service grew up comparable with that of any great political unit; the art of propaganda was studied. At times philanthropy was indulged in. The Rockefeller gifts to science and healing are world-famous; there is scarcely a country in the world, including supposedly rich Empires like the British, which has not benefited on a very large scale from the sometimes huge donations made from the surplus profits of Standard Oil and its affiliated money-making enterprises. Disease, such as hookworm and malaria, were attacked all over the world, to increase the energy and ultimately the purchasing power of whole races and nations reduced to an apathetic existence of humdrum by its ravages.

The press came under the Standard control whenever necessary. Not only the specialized trade journals, but, when it suited Standard, even the larger daily and weekly newspapers reflected its wishes. There were many ways of bringing pressure upon a newspaper, direct and indirect, from the open or secret control of its shares to the manipulation and withholding of valuable advertising. New varieties of literary artists offered their genius or talent to the service of the powerful new vested interest—the press agent, publicity hound or, more elegantly, public relations counsel. The trust even enrolled apparently remote serious students or researchers who produced fairly detailed studies of some episode or phase or new tendency, for a limited circulation among specialized readers. Such workers can do more service than might, to the uninitiated, seem likely; they can conceal the axes they grind in a cloud of academic verbiage.

Not satisfied, the Standard octopus reached out for the direct legislators; it bought generals and would-be dictators, it trained shrewd, high-spirited agents; it harnessed the adventurer type

to business; it clasped to its capacious bosom quiet, sharp-eared, "trend-finders," diplomats, lobbyists, even cabinet ministers. Invading every sphere of public affairs, it began to exert a direct and increasing pressure upon the highest executives in many governments. Above country, it was not above politics. Worldwide, it was able to coordinate and concert its actions with an efficiency far beyond the reach of even the greatest political unit.

III

HAD the power of the Standard Oil Company not been arrested, it is hard to say exactly what would have happened. It would, in all probability, have succeeded in getting its hands on all the important oilfields in the world and monopolizing the supply of the oil derivatives so essential to industry, transport and modern life generally. The control of price would have been in its hands—though no doubt it would have been attacked and would have had to negotiate many crises and difficulties. Its influence might well have prevented the research into and development of possible substitutes for natural oil or for other industrial fuels. Its capital and its army of technicians would have enabled it to creep over the surface of the known and unknown earth with a fine comb, looking for new supplies of oil and developing them, protecting them, conserving them, or even concealing and perhaps destroying them, according to its particular world policy of the moment. No doubt there would have been troubles—too excitable politicians, patriotic or chauvinistic demagogues, optimistic would-be competitors, radicals. But the monopolists could have dealt with all of them, in due course—at any rate for a very long time. To socialists they would reply, as innumerable shrewd and occasionally quite sincere publicists cry already today, that this *was* socialism. A paternalistic super-government of business men would supervise the management of the world. We should have peace, on their terms, because they would not stand to gain, ordinarily, by war. But if by any chance they *should* want war, why, we should have war, not without a preliminary campaign in press, pulpit and parliament showing that National Honor or Vital Interests were at stake, and no voice to cry nay. We should have almost

everything—at their price, on their terms, with a hundred and one inflections and modifications to suit their whims and interests of the moment. We should have philosophy, political science, art and literature—provided they were of the kind that these business men and their police approved. We could think and express personal ideas, so long as they did not reflect on the soundness and fundamental rightness of our superiors.

The organization Rockefeller brought into being fell short of this achievement. It was defeated, not all at once but by a series of set-backs which at first seemed trivial and hardly significant. Later these became more frequent, more persistent, and more perturbing. By that time it was too late to eliminate the threat by time-honored tactics. War and revolution complicated matters; men and masses behaved, as they will, unpredictably, obstinately and whimsically.

The Standard bid for complete control of oil and what went with it was defeated, but not, as one might have expected, by a popular movement arising to contest it, nor by a few men of persuasiveness and genius able to turn the minds of men toward other objectives. It was defeated simply by a rival motivated by precisely its own objectives, conceived in an essentially similar spirit and mood. It was defeated by a rival that deliberately and consciously set out to smash Standard and to gain its power for itself. Obviously, once such a group had reached a point in its financial and industrial growth where it could openly and effectively challenge the Rockefeller camp, the stage was set for a commercial struggle of a kind virtually unknown and on a scale certainly unprecedented.

The key to this struggle became a city of the Old World, a strange, tumultuous, cosmopolitan port on an inland sea at the cross-roads of Asia and Europe—Baku in the Caucasus. Baku, famous since antiquity for its "eternal fires," and the innumerable legends and exotic religious cults which flourished in and around the city, is in the center of one of the richest petroliferous areas in the whole world.

Not only are there immensely wealthy oilfields very close to Baku itself—the Balakhani, Bibi-Eibat, Saboonchi fields, for

example—but the oil-bearing lands apparently cover an enormous area, stretching down into Turkey and Mesopotamia (around Mosul and Kirkouk), into Persia, and upwards in many more remote regions in Central Russia. Even today, when many of the oilfields in this group—notably the Southern Persian area and the Mosul wells—have been developed by European and American capital, the full extent and resources of the oil-bearing lands in the Near East are not by any means known. What is known, however, is that their wealth has not been exaggerated, and that predictions of the strategical importance of the area for anyone who could control it were not in error. For the last forty years one of the decisive motivating forces in international politics has been the frantic desire of every great power in the world to dominate the region. It is an irony of history that this area should have subsoil wealth of priceless importance, for, even were it completely devoid of mineral wealth or other commercial value, it would be important politically merely on account of its geographical position, at a point near the Dardanelles, near India and Afghanistan, near the Suez Canal, and near the Central Asiatic routes to Tibet, Sinkiang and China. A history of the world from 1898 to 1938 in the form of a history of Baku might well be written; and it would throw an interesting and, within limits, extraordinarily revealing light upon the political events and groupings of these four decades.

Taking up our story at that point at which Rockefeller seemed well on his way to setting up a worldwide monopoly in the production and control of oil, we may say broadly that any man or group of men who hoped to defeat or even to check or embarrass him would have to appreciate the importance of Baku and its hinterland. Such a man or group of men would not only have to be aware of its resources, but they would also have to have a keen, almost genial prevision of its strategic position, both from a purely commercial point of view and from the military standpoint. For sooner or later the boom of gunfire and the rattle of tanks would inevitably be heard from Baku to Mosul.

The fame of Baku was spreading abroad in the world at almost exactly the period when the Standard Oil Company was making its strongest bid for power and uncontested dominance. The first reports of the possible importance of Baku as a commercial area worthy of intensive exploitation began to reach London and Paris in the eighties. About ten years later politicians, Admiralty strategists and financiers in close touch with the Cabinet began to grasp, and to discuss in private, its even greater importance as an Imperial asset.

An English writer, Charles Marvin, published in London during the eighties a book describing with vividness and adequate emphasis the already thriving oil industry at Baku. This book, called *The Region of the Eternal Fire,* was a thoroughly technical account whose effect was to interest English and Scottish business men in the possibilities of this largely undeveloped source of the fuel. Their customary caution did prevent a few of them from believing that the wells of Baku, which were already producing in fair quantity, were going to provide an important source of oil in the future. What sort of a place was the city to which Marvin had drawn their eyes?

In all the world there was scarcely another city as colorful, as hectic and as international as Baku. In many ways a truly Asiatic city, it had the flat roofs, the cupolas and minarets, mosques and white walls of a Mohammedan town. In the Tartar quarter, winding lanes and strange windowless houses could be seen. The bazaars drew together twenty or thirty races, fiery, frenzied, quarrelsome and mutually suspicious. The Persians had owned Baku until the Russian Empire, growing aggressive, expansionist and imperialistic, sent Cossack regiments down to oust the Khans. Already the oil trade, in a haphazard, amateurish, wasteful manner, was functioning. Bourdiouks or skins of oil were amblingly transported, principally by camel, into Turkestan and Bokhara, down into Persia and Afghanistan and, to an increasing degree, up the Volga to the markets of Nijni-Novgorod, or by a roundabout route into Western Europe.

"Why is Baku rich?" asked an English writer in 1905. "The answer is simple—because it produces a commodity which has a

market wider than the civilized world, for it is carried on camels into the innermost parts of the Asian Continent, and on yaks into the wild regions of the Himalayas."

As rumors of money to be made and profitable work to be done spread about the deserts and camel-tracks of the Near East, adventurers and optimists and rolling stones of every description flowed into the city. A census taken round about the turn of the century showed that the population, which twenty years before had been about seventy thousand, had risen to two hundred and six thousand and was still going up fast. This boom, a remarkable one for a European or Asiatic town, was solely the doing of oil. The same census estimated that men of forty-four different races were to be found in Baku, and that thirteen races had more than five hundred representatives each. There were 74,254 Russians, 53,827 "local Tartars," 34,259 Armenians, 18,572 Persians, 5,859 Jews, 5,025 Germans, 4,157 Kazan Tartars. Every race in Europe had a handful of its nationals there, and not a few of the remoter Asiatic tribes. As with most boom towns, men outnumbered women by a good proportion.

There are at least half a dozen references in the Bible to the "slime-pits" and "rivers of oil" of Baku and its vicinity, and every classical writer who traveled in the Near East has left some reference to it and its special reputation. Alexander the Great, that famous neurotic, to amuse himself and his sated court as he passed through the region, killed a boy by drenching him with "burning water." Marco Polo, in the thirteenth century, saw camels loaded with petroleum setting off for Baghdad, and noted a spouter which erupted within an hour enough oil "to load up to one hundred vessels."

There is ample evidence that Peter the Great, the autocratic modernizer of semi-Asiatic Russia, recognized the value of Baku and its minerals. In 1723, the Khanate of Bau came under Czarist control, and Peter saw in it an excellent point at which to centralize his country's trade with the East. General Matushkin, who took Baku by assault, received a letter from his Czar ordering him: "Of white petroleum send a thousand poods,

or as much as possible, and find here a refining master." There was an impressive war, with enormous fleets and considerable armies involved, while Peter made eloquent pronunciamentos in the best modern style to the effect that he hated doing it, had the best of intentions towards everyone, but had to push on.

In 1735 Baku was returned to Persia, and it did not become once more a part of Russia until the Gulistan treaty with Persia signed in 1813. By this time the commerce in oil had reached a fair degree of development. The Persian khans, concerned mainly with getting in some unearned increment to their harems, and by our standards grotesquely modest in their ideas of wealth, had leased the oilfields out to contractors, who had sold the oil mainly as a fuel for clay lamps and as a lubricant for the axles of the "arbas," the heavy two-wheeled carts used in the neighborhood. The change to Czarist rule marks the beginning of the modern petroleum industry in the Caucasus. The Crown Department of the Georgian Government, at that time the highest authority in the Caucasus, confiscated the pits from Hussein, former ruler of Baku and still their legal owner, and leased them to a contractor for an annual payment equivalent to thirteen thousand pounds a year. Later on the Crown experimented, and tried operating the industry itself, but the net revenue declined and a return to the contract system was decided on. This method was in operation until 1872, during which time the Crown revenue never rose above fifteen thousand pounds. The number of pits rose from 82 in 1829 to 136 in 1850 and 415 in 1872. German scientists and chemists, notably Liebich, came to the oilfields and experimented on the oil in different ways.

The discovery of oil in the U.S.A. in 1859 led to a general and worldwide gingering-up in the popular awareness of petroleum, what it could already be used for and what it might later become. One of the best Russian authorities of the capitalist period, Ragosine, reckons that the decade 1863-1873 marked the first appearance of vigorous life in the Caucasian petroleum industry. By this time the gradual industrialization of Europe, including parts of Russia, was creating a demand for oil prod-

ucts on a scale quite unknown twenty-five years earlier. But American kerosene had practically a monopoly of the world market, and even was shipped in substantial quantities in European Russia. It was a considerable time before the men who owned the oilfields in and around Baku fully realized the wealth and power within their grasp; and it was still longer before men and methods and conceptions which would make effective competition with the American industry a possibility made their appearance there.

To begin with, if kerosene was to be sold, refineries were needed on the spot. Since the uses of the other by-products of crude oil were not then known, it was thought uneconomical to transport anything but kerosene. In 1863 the first Baku refinery was set up by Baku's first magnate of the modern capitalist type, Melikov. Ten years later there were twenty-three refineries either in Baku or in its vicinity. Their total production was not nearly enough to cater even to the Russian market, which remained largely in American hands; but at any rate they were producing the goods and selling all they produced with ease. At this time agitation against the contract system was started, and Professor Mendeleiev and others blamed it for the slow progress of the industry. It was abolished, and great tracts of oil-bearing lands were auctioned off to local capitalists, many of them Armenians. Big money at last was beginning to appear in Baku; Mirzoiev paid 122,000 pounds for one piece of land, and the partnership of Kokorev and Gubonin paid 132,300 pounds for another. A tax on the refining industry, which kept it behind the production of crude oil in its speed of development, was abolished as a result of petitions in 1877. Then a real boom period set in.

At the same time that it removed taxes and other restrictions on home-produced oil and its derivatives, the Czarist government laid impositions on imports. Furthermore, these taxes had to be paid in gold. Although the tax on refined kerosene was reimposed on native oil men, it could no longer worry them seriously, and the value to the Russian industry of its government's protective policy may be seen most noticeably in the

spectacular expulsion of American oil products from the Russian market. What made this victory all the more remarkable is the fact that, not only was the American industry well entrenched in Russia before the native effort began, but the progressive ousting of America took place at precisely that period when United States oil (almost entirely Standard, of course) was hammering out uncontested markets in every other corner of the world, and using far from gentle methods with anyone bold enough to call himself a competitor.

As J. D. Henry says: "Without customs protection the home industry, then in the first stage of development, would have been crushed out of existence by American competition, and this would have been easy because the Americans had secured a firm footing on the Russian markets at a time when the home industry was in embryo. In the period 1865-1875, the United States imported into Russia kerosene averaging from 24,194 tons to 40,323; from 1876 to 1879 it averaged 32,258; from 1880 to 1882, 16,129 tons; and in 1883, 7,419 tons." Between this last date and the turn of the century, which, remember, was the precise period of Rockefeller's undefeated march into every other market in the world—and even into many quarters which didn't know they wanted oil until he showed them they did—American trade in Russia went down to nil. Not satisfied with this notable success in securing the Russian monopoly for themselves, the Caucasian dealers began to export their oil to other countries. That, eventually, was bound to mean open warfare with Standard.

Between 1871 and 1876, the hand-dug pit was completely superseded in the Caucasus by the more scientific steam-drilled pit. It was evidence of the appearance of the modern, commercial spirit, but what was even more significant, it was also evidence of the presence or availability of capital.

The oilfields were fantastically rich. That, and that above all else, was the reason for their success. It had been many years before anything remotely resembling order and rationalization was introduced to the Caucasus, and the wastage of oil was appalling. Fires and uncontrolled spouters lost quantities of

the best oil in the world, which would today fetch millions of pounds. An engineer who had worked with skill and perseverance to bore a well saw his tools and the "cap" blown hundreds of feet high by a blasting black pillar which gushed lakes of oil for weeks on end, the whole lot pouring into the sea or seeping into the already sodden earth. He died of a broken heart. His employers lost a million through their lack of storage facilities, and clumsy and inadequate controls.

At last pipelines, small at first, began to appear; and improved railways, quays and storage tanks marked a determined effort on the part of the natives to go into the oil trade in a serious spirit. Many fortunes were made by Tartars like Tagiev and by Armenians like Mantacheff, Gukassoff and Adamoff. Fantastic palaces with glorious gilt statuary and interior décor by the finest Italian experts, but no plumbing, sprouted overnight. It was estimated that the city had produced more rich men than the whole industry in America, even if none equaled Rockefeller in the amount of his wealth. An Englishman, writing of it for Englishmen in 1905, reckoned that "it is a city in which there is indisputable evidence of immense wealth, more wealth, I should say, than in any English city of the same size. Oil has made it so."

Foreign capital was bound to smell out the possibilities of the oil of Baku. The first of the great foreign operators in the Caucasus was the Nobel group, two of the sons of Emmanuel Nobel, the Swede who had invented all sorts of engineering gadgets and undertaken a colossal amount of industrial live-wire activity in Russia before returning to Sweden and taking up, late in life, the study of explosives. Emmanuel died in 1872, leaving his family of four sons almost penniless. One, Emil, died while still a young man. Alfred continued where his father had left off and became the most famous inventor and merchant of various explosives the world has known, as well as the founder of the somewhat ironical Nobel Prize Foundation.

Robert and Ludwig became the vigorous and thoroughly modern galvanizers of Baku. They saw what could be made of the place and its oil. A contemporary, writing of Ludwig

Nobel's career, which made him an enormous fortune and drew the attention of every financier in Europe to Baku, commented: "The success of the company is due to the genius that planned a vast transport organization, the engineering skill that carried it into effect, and the integrity that raised the quality of the product transported from a debased and despised condition crushed by a foreign superiority, to a position fit to compete in turn with that superiority and overcome it." Baku had got its first great systematizer and up-to-date, efficient, international business man; but it emphatically had not yet got its Rockefeller. And this is important. Baku never did get its Rockefeller; and very great happenings in our world may, to a degree, have stemmed from that fact.

The Rockefeller mind is essentially insatiable. It is without the capacity to rest, to pause. It has no point of view, no philosophy. It seeks money as an end in itself, not as a means to an end; consequently it cannot, with reason, down tools after the completion of any particular phase in the acquisition of money, property and power. It must go on so long as there is any money left. Later we shall meet a man who might have become the Rockefeller of the Caucasus had he been born twenty years earlier, and had many other events occurred in a manner and in a sequence other than that in which they did. But the Nobels were a different type. Anyone who has studied the life and writings and—so far as it has ever been revealed—the mind of Alfred Nobel, the dynamite Nobel, will know that it was a strange, shy, thoughtful, tortured mind; that its possessor was always questioning himself, his ends, his ideals, his motives, and the possibilities and methods of doing good in the world. These Nobels were typical liberal, "better" capitalists. They saw their duty in the light of a life devoted to acquiring wealth by applying to an industry their knowledge, ability and willingness to work; taking the lawful profits accrued to them; and then, in the evening of their lives, using their wealth with judgment and wisdom for a simple and praiseworthy end—to increase the net amount of understanding and happiness in the world.

Of course the Nobels had their troubles. Jealousy and race-prejudice were at the bottom of many of the attacks, direct and indirect, made on them in Russia. One day Ludwig showed a visitor over the whole of the Baku works of his family, and this visitor, after noting well what was being done, said: "Your organization is splendid; it is perfect; but there is one thing that provokes my regret—what a pity it is not Russian."

Nobel replied: "Russian or Swede, what does it matter, so long as Russia gets good, cheap oil? You say the Baku firms dislike us. We cannot help that; but if you can find in Baku any man who can prove we are dishonest, cheat, adulterate or refuse to redress substantial grievances, we will face an inquiry in your presence, and, if guilty, make amends."

It was this firm which pioneered deep drilling in the fields, following the American method. It was the Nobels who first proved how fantastic were stories already circulating in Paris and London that the oilfields of the Caspian were a thing of the past, that the petroleum was running out. It was they who invested really big capital in prospecting for new wells in remoter regions. It was they who made sense out of the chaotic Russian transport systems, they who gained for themselves the larger share of the trans-Caspian trade, across five hundred miles of sea to Astrakhan, through the muddy shallows of the gigantic Volga delta, up the great river to the important distributing centers of interior Russia.

Indirectly, it was they who brought into the oilfields of Baku the financial interests which were, in time, to bid for world power through control of Russian oil. Until they came Baku had made fortunes and provided any amount of colorful adventure and all but incredible incident, but it had shown no sign of putting its house in order and of exploiting its treasure with awareness and real commercial acumen. As late as 1883, St. Petersburg and most Central Russian towns were still buying American kerosene in preference to their own native product, which was then, as it still is, of excellent quality. Actually the Georgian capital itself, Tiflis, within 350 miles of Baku, drew its illuminating oil from America right up to

the time of the opening of the Tiflis-Baku section of the Transcaucasian Railway.

But the Nobels had important international connections. They knew the biggest financing concerns in Europe, and as soon as they were in a position to sell really considerable quantities of good refined oil products they found any number of influential buyers willing to take on the sale of the stuff in Western Europe. The biggest financial house in all Europe, the Rothschild family, which had astute and experienced branches in the principal capitals and intensive knowledge of, and in most cases considerable interests in, almost every important rising industry, was in due course induced to take an interest in the oil of Baku. The terrible uncertainty of life in Baku—its race riots, its fires, its inspired sabotage, its organized brigandage, its Chicagoesque flair for racketeering, its inefficient and corrupt police—deterred them, and always they showed an understandable preference for staking their claims through intermediaries.

Two Russians, Palashkovski and Bunge, who were fairly well known oil refiners, received a concession to build the Tiflis-Baku section of the Batum-Baku railway across the mountainous and difficult Caucasus. However difficult this job might be, it was obviously all-important to Baku. If it was to export its product in all directions and on the really immense scale that its resources demanded, Baku needed a rail connection with the Black Sea port of Batum. Its own Caspian harbor served only Russia. But the good men who were building the railroad hadn't the capital. In fact, just about this time, a great many of the smaller and medium-sized enterprises at Baku were finding things hard, and the reason, in most cases, was the greater efficiency and specialization with which Nobel was conducting his business, enabling him to undercut them in their markets. Already the immeasurable advantage held in the oil trade by the big man, especially the big international man, was being shown in Baku.

The railroad dragged interminably. In the end the contractors found themselves in such a financial tangle that they could not proceed without help. They approached the Roth-

schilds, who were already in the Caucasus, but not at Baku. Their interests were in the northern Caucasus, and they had worked up an oil-distributing connection in Europe which was fairly extensive and growing. In 1883 the Rothschilds registered at Batum the Caspian and Black Sea Company for the production, treatment, transport and sale of Russian oil. The capital was six hundred thousand pounds—bigger money than this corner of the world was used to. Yet this was small compared to the amount they raised when, after listening to Palashkovski and his colleagues, they finally agreed to help finance the railroad. On the strength of a mortgage on the oilfields and refineries of the Batum Oil Company, one of the largest units not in the hands of the Nobels, they provided two million pounds.

The control of this company and their own Black Sea and Caspian left little to the independents. The Nobels shipped to Russia via the Caspian, the Rothschilds abroad via the Batum-Baku railroad and the Black Sea. Many of the less efficiently organized competitors, however, were enabled by the construction of the railroad to linger on as producers and refiners a good deal longer than they could otherwise have done. But the price was dependence, directly or indirectly, upon the Rothschilds. Their lack of a proper and reasonably cheap means of transportation had allowed the Nobels to undersell them with ease. Now the Rothschilds bought all the kerosene they had to spare, and even paid in advance.

The railway was completed in May, 1883. This was a date of tremendous importance in the history of the European oil industry. Until then Baku oil had reached Western Europe only in trifling quantities. From then on it increased considerably, and a good proportion reached the consumer through the grace of the Rothschilds. In England, the largest concern distributing Russian oil derivatives, the Consolidated Petroleum Company—the creation, in a large degree, of an extremely smart man of the period, Frederick Lane of Rothschilds—used to sell oil that had been produced by many different firms at Baku, including the Nobels. In the sale of the final product,

the Rothschilds cooperated with the family whose competitors they were helping in the Caucasus.

London was beginning to open its eyes to Baku, but London, in immemorial style, was waiting to see which way the wind blew before taking any unnecessary jumps. Just as soon as the men who mattered in London were *convinced* that Baku's oil really was going to be important, then the right men and the right amount of capital would be found and sent along with little delay. In 1886 a Colonel Stewart attended an oil industry conference at Baku on behalf of the London Chamber of Commerce. He was sent to keep his eyes and his ears open, and to report. Many very experienced and skilled business men in London were eager to read what he had to say. He wrote: "If any trade in the world were conducted on the system, or rather, utter want of system, that prevails at Baku, bankruptcy would speedily follow. Hardly any of the heads of the firms are men of business, or could tell you whether they were doing a profitable trade or not, if they were at Baku, but they are generally absentees, leaving the duties to be performed by a manager who is not looked after so long as he remits funds to headquarters. I know that one of the largest firms at Baku has changed its business manager seven times in about two years. Offices are only open daily from about 8.30 A.M. to 12 noon, and then again for about two hours in the evening, while much time is spent in card playing. Scandalous waste, not to say speculation, goes on everywhere. If, under such circumstances, profits were made, it would be rather surprising than otherwise."

Surprising, yes—and extremely immoral, thought the righteous Scots and Saxons in their gloomy City offices and Pall Mall clubs. Everyone knew that profits were the reward, first of natural virtue, and second, of sound Nordic orderliness. What they wanted to know was what Stewart thought they, monopolists in both these commodities, might do at Baku. So far he was pessimistic. But he went on:

"Some foreign merchants, Germans and others, who attend to their work themselves and conduct their trade in a business

way, are making money. I consider that a good opportunity will occur for English merchants as soon as a pipeline is laid down to Batum or Poti, for commencing a profitable business by erecting storage tanks at Batum and purchasing oil from the refiners; but I do not consider that it would pay an English firm to own wells or refine oil at Baku, where there are already too many refineries, and the business requires to be removed to the Black Sea coast, if it is to flourish."

That year a syndicate was formed at Baku of the Nobels, several big independent refiners and the Batum concerns controlled by Rothschilds. A powerful monopoly, that began with the wide financial connections of the Nobels and ended with a railroad from Batum to Baku, had come into being. Pipelines were being built. Conferences among producers were held, made necessary by the big drop in prices and the dire condition of many producers. The Russian Government blessed the conferences and very many important officials attended.

But obviously the penetration of foreign capital was taking Baku out of Russian hands. The Nobels were merely the forerunners. They were practically Russians by adoption, for their family had done much of its most spectacular and valuable work in Russia and to Russia's advantage. Now the Rothschilds were beginning to dominate in the Caucasus, buying up railways, quays, oilfields and refineries—or finding methods of controlling or influencing them—both on the Caspian and on the Black Sea. Not only did this testify to the confidence felt in the importance of Baku by this abnormally shrewd family, but it roused the acquisitive zeal of the most conservative financiers in Paris, Brussels, Amsterdam and London. Anything good enough for the Rothschilds was good enough for them. The great Jewish bank house had put its seal on Baku; Baku had arrived.

The Baku oil trade grew steadily, despite the infinitely more rapid and formidably unified development of the Standard Oil Company in America (and outside it, so far as sales were concerned) up to the turn of the century, and by that time foreign capital was more and more becoming the decisive voice

in the mode and speed of development and the direction taken by exports. In February, 1905, furious riots broke out in the streets of Baku; every kind of religious, race and class hatred broke bounds. Tartars shot down Armenians in cold blood, Armenians brutally massacred Tartars; Georgians, Jews and Russians fought savagely. Oilfields blazed, millions of pounds' worth of property was destroyed, most of it deliberately, and several hundreds lost their lives in an outbreak of horrible, futile savagery. Then came "a state of most unnatural peace. . . . If not today, then tomorrow, but if by any chance not tomorrow, then most certainly before the end of the year, there will be another battle of the tribes." It came in September and September was ten times worse than February. The whole world listened with amazement to the accounts given by hard-bitten, traveled correspondents: "The accounts given of the massacres, though incomplete, are full and lengthy enough to prove that in revolting cruelty what has taken place is without a parallel in the annals of Caucasian warfare and revolution." In every oilfield, factory, street, suburb and outlying village, the individual and collective slaughter went on, the Cossacks inadequate, indifferent or merely amused. Rich and poor seemed to suffer equally. Several thousand deaths occurred. Huge palls of choking black smoke submerged the whole district. An Englishman employed by the European Petroleum Company of London was attacked by a man in a black cap whose significant yell was: "Can't you see I'm wearing a black cap? I belong to the Black Hundred, and we're just going to do as we like!" The Englishman finished up in hospital.

The Armenian Adamoff, a millionaire who was also a crack shot, was cut off in his house by a mob of yelling Tartars. With his rifle, bandaged and helped by his young son, he defended himself for days, picking off each daring Tartar who tried to rush the house. In the end they got in and massacred everyone in it, forty in all. When they counted the Tartar corpses, it was found Adamoff had shot just forty. It was not so easy to find out who had gained.

Recriminations and accusations filled the papers of Europe.

Everyone charged everyone else with indifference, stupidity, intolerance, cruelty. The Armenians said the English had let them down. The Tartars said they wanted bread. The rich young men said it was the Jews who were to blame. The rich agreed that, whoever was to blame, the Government should send more Cossacks to the Caucasus. Foreign capitalists were appalled, and demanded, sometimes through diplomatic channels, that the Czarist regime should do something to protect foreign capital, even if it could not save Tartar and Armenian lives. A few people thought the Revolutionaries were pretty dangerous.

What did happen, however, was that a writer important in the oil trade in London hurried out to Baku, looked around anxiously and briskly and returned to London to write a book to reassure all those who already had invested money and those who might have been thinking of investing money in Baku. He wanted to say everything was all right now. J. D. Henry, who was at that time the editor of the London *Petroleum World*, called his book *Baku; an Eventful History*, and dedicated it to a man later to figure prominently in Anglo-Russian relations, Leslie Urquhart, then managing five big Baku concerns and British Vice-Consul there. Mr. Henry admitted that really terrible things had been happening in Baku, but he insisted that the worst was over and that now really was the right moment for England to step in and take over. Evidently great changes had taken place not only in the lives of the ordinary working men of Baku but also in the composition and conduct of the industry, since Colonel Stewart had contemptuously described the place twenty years before.

After pointing out that he had seen every booming oil region in the world, from Texas and Spindle Top to the Carpathians and Boryslaw, Mr. Henry enthusiastically cried: "In no part of the world have I seen an oil region the compeer of those old and famous fields at Baku, an oil city that can equal in wealth this metropolis of the Caucasus, or a body of oil men who surpass in energy, enterprise, or business capacity those who are at the head of the industry in Baku."

Refuting in detail recent charges made by so-called experts that the Caucasian fields were nearly played out, he hammered away to prove exactly the reverse, that every day proved it a richer region in mineral wealth. "There is abundant evidence that the oilfields of Russia are not played out. I am not too hopefully prophetic when I say that there will be an early expansion of the oilfields of Russia. New fields are being opened up on every hand. Close to Balakhani is Binagadi, on the surface of which the drill has only started to make its first impressions; further away are the promising Grosny fields, where, *en passant*, Rothschild has just acquired the property of the Akverdov Company, and the Spies Petroleum Company has just brought in another spouter, while on the shores of the Caspian Sea we have Berekei, opened up by Nobel, and the scene of a great deal of drilling activity, and Kaia-Kent, the property of an Anglo-Russian enterprise. Then there are Chatma, Tcheleken, Fergana, Telavi, and other fields in the Northern Caucasus, in the Urals and on the shore of the Black Sea, not far from the oil port of Batum."

So far Mr. Henry has been merely talking shop, doing his best to sell Baku to his readers and outline what he quite sincerely believed openings for profitable investments. Then slowly, almost imperceptibly, we move onto a rather different plane. In the preface to this obscure, little known, specialized book written in 1905, we suddenly come across the wider perspectives of English Imperialism, the boundless horizons of the great business community which, though always pursuing profit, hard cash, unearned increment as its ideal, yet always manages to preserve essential unity of front and continuity of aim and method. Gradually we are initiated into the full-fledged City plan for the conquest of Russia and its limitless wealth; we are shown the General Staff's plans for the destiny of Asia and the battle for ultimate power in the world. From apparently small affairs the writer eddies out in widening circles until he touches on, by implication at any rate, the very greatest. These schemes must have been of the most intense interest to Mr. Leslie Urquhart.

"At Baku [continues J. D. Henry], the worst consequences of a revolutionary movement have been experienced. Labor has been meddled with, unsettled, and made offensively dictatorial, and a splendid industry has been placed in jeopardy. Today there are more strikes at Baku, and cables announce that for the first time in the history of the petroleum industry the houses of British oilfield officials have been attacked. There is, however, some reason why the petroleum men of the Caucasus should see in the Czar's manifesto and the resumption of office and power by Count Witte evidence of the approach of better times in the commercial and industrial centres of Russia, and, of course, among these, we must not fail to include the Caucasus with its vast mineral resources and a great petroleum industry. Count Witte is known to be a friend of this industry; he knows its needs, none better, and as the late Minister of Finance he had abundant opportunities for appreciating its immense value as a factor in Imperial revenue.

"This brings me to the subject of the future of the industries of the Caucasus, Siberia and the Urals. Russia, confessedly poor, is not now, any more than she was a quarter of a century ago, a philanthropist among civilized nations, but she has new industrial aspirations which will not materialize without foreign financial assistance. It is known that the country is anxious to secure the assistance of outside capital in many parts of Siberia, right along the Trans-Siberian line, in the Urals, in the Caucasus, and even in the cities. Overtures for concessions will be welcomed, not discouraged, while everything will be done to convince foreigners of standing that scrupulously honest business is meant.

"The Caucasus is endowed by nature with practically inexhaustible mineral wealth; copper, iron, zinc, tin and many other metals are not only found throughout the region, but found in marvelously extensive deposits. We are near the time when this vast region will be thrown open to the foreign financier. British interests should be well represented in this country of great potentialities, and steps should be immediately taken to strengthen the bonds which connect Britain with a

number of important trading centres. What we have in Russia we must hold, and now that Germans and Americans are bidding more vigorously for Russian favours and options, British financiers should give serious thought to the question of how they can best secure a fair share of those fields of industry which Russia will shortly attempt to open up with the assistance of foreign finance. No doubt the recent conference at St. Petersburg will not only ensure greater protection for life and property, but result in bringing about an entirely new era of industrial development.

"Obviously, practically the chief thing wanted to ensure the return of prosperity to Baku is a lasting peace—not a patched-up arrangement among the fanatical races of the Caucasus, but a real, permanent peace guaranteed by a military force which the country must keep in the Caucasus before it can expect to enlist the assistance of foreign capital in the development of its mineral and industrial resources."

There you have it all; in diplomatic circumlocutions, of course, but beautifully concise and quite according to pattern. The undeveloped country without capital, the "fanatical races" and "offensively dictatorial" labor movement, which can, however, and will be kept in order by an adequate "military force" (provided, of course, by the country itself, whose rulers, however, are promised a good cut if they cooperate nicely and don't listen to the "more vigorous" bids of the Americans and Germans). Even the business man's Premier, Count Witte, of whom more again, is present, the very personification of his type.

Mr. Henry's book carried a brief but snappy and illuminating introductory note by a wily British technician, one of those engineers and professors who, in England, always grasp the fundamental aims of Imperialism with tacit and admirable comprehensiveness. Sir Boverton Redwood, then adviser to a big British enterprise which had recently bought out the Tartar magnate, Tagiev, is well ahead of many of the politicians and sundry prophets of ten and twenty years later when he judiciously observes:

"The progress of the Caucasian oil business has been tem-

porarily arrested by the recent disorders and destruction of property, but the first effect has been to bring into greater prominence the extent to which the industrial life of the Empire depends upon the supply of petroleum in the form of liquid fuel, and the ultimate result will unquestionably be to place the business upon a more secure footing. The appearance, therefore, of Mr. Henry's contribution to the literature of the subject may be regarded as opportune."

It might.

Sir Boverton, a long-chinned, determined-looking fellow, knew what it was all about. Baku had become the axis of a very big struggle. Britain was the core and the cash-box and the nerve-center of the greatest empire in the world and the greatest trading organization ever known. But Britain had not all the world as her tributaries, and lusty, aggressive, hard-shelled rivals were rising to challenge her. In particular the United States, who spoke her tongue and had once paid her taxes, and Germany, chock-full of truculent Herr-Professors and bull-necked chemists, economists and merchants, wanted places in the sun. Places worth talking about, too—or else. Britain knew perfectly well that a very big war was coming up, and that she would emerge from it either a little stronger—for the moment—or a whole lot weaker than she went in.

The stakes were big. Britain, already with the hundreds of millions of Indians neatly tied up, was after complete domination of Asia, with all its colossal, untapped but well-established mineral wealth, its limitless purchasing power, its pacifistic philosophies and its never-ending armies of sturdy, cheap labor. Germany was running down through the Balkans and flooding the deserts and palaces of the collapsing Turkish Empire with generals, engineers, diplomats and railway builders. The Baghdad Railway was pushing rapidly down towards Mesopotamia. When it got to the Tigris and Euphrates, it would proceed to Basra, and thence, somehow, to Karachi and Calcutta and Delhi. Everyone in Whitehall and in the City knew that, and knew what it would mean. It would mean very big orders for the makers of steel coaches of the Ruhr;

it would mean full steam ahead at Krupps; belching chimney stacks in Duisburg and Barmen and Hanover, Chemnitz, Düsseldorf, and Essen. It would be half a million men hopping in trains in Berlin and going right through to the gates of India. It would mean goodbye to the British Empire.

But if the British got Baku, then everything might be different. Once well entrenched in the Caucasus, much might be won by the new tenant. From the Caucasus Britain could move up, ousting France from the Don coal fields, politely pinning down the Urals and their ores, the Lena and its goldfields, the Kuznetsk region and its coal and iron and copper and so much besides. The Czar of All the Russias would find himself doing what an awfully polite and charming English Ambassador "advised" on every issue. The British Empire would have taken its greatest, its decisive step to world dominion, realized Disraeli's dream. It would have absorbed Russia and become the mistress of Asia; through it, inevitably, of the world.

As Germany's Baghdad thrust was thwarted, so would the Kaiser's hopes of getting the Caucasus for himself and his circle be smashed, and gradually the newer and subtler threat from across the Atlantic could be met. The great oil-wealth of the quarter-developed fields of Baku and Grosni and Cheleken could be got into order, surveyed, disciplined, and bled to a concerted plan. Britain could systematically set out to build her own great oil empire, competing with Standard everywhere, thrashing it in her own markets, then going out after it into the American's own fields, fighting it according to a plan and finally crushing it and, through it, America itself. The insolent United States could be subdued and brought into step by their own weapon, turned against them and handled by an older and wilier battler.

This plan needed big men to thrust it through. It needed a leader; and the leader, though he might and would have advisers and assistants, successors and predecessors, colleagues and partners, in many ways apparently as important, as essential as himself, would nevertheless have to take great risks himself,

make great decisions in the full realization that he would have to take any unforeseen consequences. He would have to think in a big way, in worldwide terms. He would have to be intolerant of competitors and ruthless with inadequate allies. He would need force, application, persuasiveness, egotism, insensitiveness to many fine things and indifference to and distaste for many more. He would require a grasp of finance in sufficient detail to meet and beat financial experts, but also a broad knowledge of worldwide political and economic trends, and of certain historic movements.

If the man came, he would play a big role in the history of his age. If the times really were ripe for the man, then he would come. He need not be an Englishman, but whoever he was, whatever his origin, he would, he must be drawn into the eddies of British Imperialist complexities, making his career and doing his work within their orbit. Their needs would produce the man who might, if anyone could, solve their problems of the moment. The man who was to apply himself to that gigantic task did emerge. He came, and not by chance, from the ends of the earth, to gather into his rough, capable hands the strings leading to many sources of worldly power, and he was to fight mightily against the forces that he believed to be his enemies. He was Baku's Man of Destiny.

IV

THE WORLD stage is now set for the appearance of Hendrik Deterding. When we last left him, he was an energetic, clever young man who had just taken the apparently rash step of resigning from the mighty Netherlands Trading Society in order to join Kessler's puny Royal Dutch Company.

Who was this Kessler? He was a man of some importance in the commercial life of the Dutch East Indies. But he was very far from being a big shot. Kessler was one of those men infected by the oil mania. He believed in the future of oil as a fuel and as a means of locomotion. He honestly thought that industry and transport was going to be dependent upon petroleum, and he had conducted the latter part of his career upon that assumption. Kessler was a man who had originally been concerned with many other trades; but when, in the eighties, the extraordinary development of the Pennsylvanian and the Caucasian oilfields startled and interested intelligent business men everywhere, he had decided to investigate this marvelous new trade. He was converted. He prepared to risk his own fortune on the strength of his belief in oil, even though he was a far from young man. He realized that there was little hope of competing with the Baku producers in the European or Near Eastern markets, or with Standard anywhere near America; but it seemed to him that the very profitable oil trade of the Far East, particularly in India, China and Japan, might become wholly or partly his. In Deterding's opinion, "As a pioneer in oil, the part played by J. B. August Kessler stands second to none."

It was a Dutch engineer, A. de Ruyter-Zyller, who first discovered oil in the East Indies. He found an oilfield at Lang-

hat, in northern Sumatra, in 1880, and three years later succeeded in getting a sixty-five-year concession from the Sultan for a fairly large region near Telega-Said. It was understood, of course, that the Sultan should get a cut on every gallon of oil produced. Unfortunately, none was produced by de Ruyter-Zyller, for the excellent reason that he had no capital to go ahead with the digging and prospecting. I said none; that is not strictly true. What happened was that his capital ran out just at the moment, in May, 1883, when the wells were beginning to produce. He hadn't a penny left to build tanks, to transport the oil or to make any other necessary arrangements to trade in oil.

The Dutch Government, which has always taken an extremely paternal interest in trade, and occasionally an interest more possessive than paternal, stepped in and promised to go ahead. Every kind of obstacle faced the tiny company which was formed. They had next to no technical knowledge, and the Americans whom they had brought along to advise them proved to be a good deal less helpful than they had expected. The apparatus required for production had to be landed at Penang and then transported somehow or other to a point a whole day's journey by boat from the oilfields. The production of the wells was fairly promising, but ignorance of market conditions and even greater ignorance and inexperience in the various technical processes held up matters grievously. The company, however, followed a policy of lying low, and quietly extended the area of the concession. At the same time an increase in capital was made, and the Sultan was persuaded that a much smaller royalty on the oil produced should be enough for him.

It was at this stage, in 1890, that Kessler had come in and invested heavily in the small oil-producing concern which proposed to compete with the already gigantic operators in its field. The capital at that time, in florins, was equivalent to £100,000 or $500,000. The unlucky company was facing yet another crisis in its history. Every single project proved to be terrifyingly complex and disturbing. The natives were, for

the most part, extremely hostile. The climate was awful and the floods came rapidly and inconveniently, wrecking important operations at the most unexpected times. The question of getting the crude oil refined was troublesome, and it was solved by building a pipeline from the oilfield through the heart of a very thick and unpleasant jungle to a place called Pankelan Brandon. Here a refinery capable of dealing with anything the new wells were likely to produce was built, and soon a sort of haltingly efficient rhythm of production was achieved. Some of the earliest wells did not quite come up to expectations, but later on the quantity produced and refined proved quite enough for the purchasers Kessler was able to find. In fact, too much. He found himself for fairly long periods selling next to nothing and being forced to stand off hundreds of laborers at short notice. He needed capital to do this kind of thing, and this was where young Deterding had come in.

When the time came for Kessler to offer Deterding a job in his company, he had already taken a definite fancy to him. Why? "Perhaps," says Deterding, "this was for that very good reason why most business men grow to like one another." While still working for the Netherlands Trading Society at Penang, he had got to know Kessler and heard of his troubles. Kessler explained that his oilfield was a productive one which would make an excellent profit in due course, but that at the moment the loads of refined oil he was sending to the Straits Settlements were not all finding buyers, and he needed money. Deterding, extremely ingenious at finding a way to increase the contacts and interests of his concern, suggested that Kessler should become a trustee of the bank; upon which he, Deterding, would arrange to have a dollar advanced him for every unit of ten gallons of petroleum produced. The idea was quite novel, but Kessler liked it and the Society, prepared for almost anything now from Deterding, accepted it, just as they had okayed the advances he had made in other cases on security of leaf-gold and every other imaginable form of merchandise.

The assistance which Deterding was able to arrange was a very great help to Kessler just at that moment. But it obviously

offered no lasting solution to his problem, so long as his sales did not go up. He knew that the next vital problem to be tackled was not so much a technical one of refining, production, storage or transport, but the ultimate one of selling the finished product. Badly inadequate though every phase of production and transport still was, it yet led to the appearance of more oil than was being sold.

That was why Kessler had begun to think of this astute, rapid, unconventional and pushing young fellow who had so directly solved his financial problem. This, perhaps, was the man who could make the people at Singapore and perhaps even at Hong Kong, at Rangoon, Calcutta and Canton buy his kerosene. That was what he believed when first he offered Deterding a job in his company.

The old man himself was interested primarily in the questions associated with production and refining, and his idea was to leave the sales policy to Deterding. It is not known exactly what salary he offered the new man, but he added:

"The job holds prospects."

What those prospects were old Kessler probably had less idea than any man alive.

There was no great market for oil products in those days. The great bulk of the derivatives of the crude oil was destroyed as waste material—the stuff which today provides the greater proportion of the huge profits of the oil companies. There were no motor cars, no aeroplanes. It was in that very year that a supposedly comic event was held in France—a race of automobiles between Paris and Bordeaux in which forty of the extraordinary new vehicles in which France then led the way took part. An English newspaper noted with amazement that "more than half of the cars had finished the course, at a speed as great as a horse-drawn carriage." Sir Henri Deterding has recalled the sight that used to catch his eyes when he made for the island of Sumatra to inspect the refinery at Pankelan Brandon. For some hours before the boat reached land, and long before the land itself could be seen, he could make out the huge and growing clouds of smoke belched forth by the

refinery. Every day the company burnt all the gasoline left after the 48 to 50 percent of kerosene had been extracted. This was the only thing for which there was any demand. All the rest, the material which today would make extremely profitable fuel oil, lubricating oil, gasoline and benzine and so on, was destroyed.

The Royal Dutch was about as small an operator in the world oil market as existed at that time. It had no very great resources, whether of capital or of oilfields; it had no established markets; it was utterly unknown in Europe. There was so little capital that minor but very serious crises were continually cropping up. Once the white men working at the refinery at Pankelan Brandon, most of them Dutchmen and Americans, agreed to do without their wages for a week so that the native coolies could be paid. When wages could not be paid, dividends began to feel the draught. Back at the Hague, where Kessler's home was situated, shareholders in the company, tired of waiting for some reward for their confidence, rioted outside his house and threatened to smash his windows unless he did something about it.

Kessler, bewildered but determined to make a success of it, looked to his energetic and tremendously confident lieutenant. He told Deterding, on the day he engaged him, that he could choose his own duties. Deterding, characteristically, asked to be allowed to get around, to snifter, to find out just what dovetailed into what, how the mechanism of the Royal Dutch worked—if it worked. He asked permission to visit Calcutta and the other principal centers where Royal Dutch Oil was being sold. At this stage, he admits, he knew next to nothing about oil; but he did know a good deal about money, about the interplay of profit and loss, about the importance of the small things in commerce. He came back with one rather cheerless discovery—that the company, if it was to make any money, would have to stop paying its Far Eastern selling agents the 5 percent commission they had been getting. Producing rows of precise figures, he showed Kessler that the maximum economic commission was 1 percent and no more. The head of the com-

pany, sighing, agreed that it certainly looked that way, and acted on the advice. All of which did not make the new man particularly popular with oil retailers in the Far East.

Then Deterding began to get down to what he very definitely regarded as the crux of the problem facing the Royal Dutch. Although he had very little practical experience in the oil trade, he had knocked around Asia a little and had kept his ears open. His fourteen years in banking had taught him a few things, and he had a knack of getting down to the basic factors operating in a certain industry at a given moment. He knew that the Royal Dutch was going to have her work cut out not merely to make a profit but even to continue to exist. He grasped the power, the size and the temper of the Standard Oil Company, and he had no illusions as to its probable attitude towards anyone who competed with it and continued to compete after being warned off.

But he was not deterred. He believed that there were certain factors operating in his favor, difficult though it might be, at that moment, to detect them. He saw how much nearer, geographically, the Dutch fields were to the great Asiatic ports at which enormous quantities of oil would, he believed, be sold in the future. He observed, too, that he was not the only independent merchant operating or trying to operate in those regions. There were four others, and although none was anything like so big as the Standard, all four were considerably larger and more experienced than he was. Deterding began to think, and what he was thinking was: "How can we save ourselves?"

Many of his business acquaintances had told him that the job he had taken on was hopeless. The very kindest thing one could hope for from Standard Oil in those days was to be snubbed, ignored. It gave you a chance. But everything suggested that Standard was just about to commence one of its famous and hitherto entirely irresistible price-wars. And what resources had the Royal Dutch to meet this? The situation was laughable.

Deterding thought fast, and furrowed his brow. He knew

that time was important. If he could hold out for ten years, things might be very different. He knew the importance of allies. He believed in using others to gain his ends. He gave his objective solemn and virtuous clothing and tagged a hundred morals and aphorisms to it, but what he wanted was tangible and material enough. Centuries ago the seven provinces of his native Holland had defied and finally defeated the enraged might of the greatest power of the world, Catholic Spain. How? By sticking together. The Dutch proverb runs: *Eendracht maacht macht*—"Cooperation gives power."

Deterding assures us that both he and Kessler were agreed as to the rightness of a policy of cooperation with all their possible rivals against Standard. Although he would deny that it was cooperation aimed particularly *against* Standard, it was, of course, inevitably just that. There is excellent reason to doubt, despite Deterding's assurance, whether Kessler was favorable to this policy, or at any rate to many of the consequences which were clearly discernible even then. We shall come to that later. At the moment, at all events, he did not appear to agree to the policy of cooperation, and the usual roundabout efforts by Standard Oil to absorb him into their orbit convinced him very quickly that the threat was real enough. The Royal Dutch had done quite well in India and was so well placed there that the affair might almost have been described as a victory. Now her tankers were appearing at Hong Kong and at Shanghai, emptying their cargoes into the Chinese market, which had always been regarded by John D. Rockefeller as decidedly his own very private ground. Rockefeller thought it would be a good idea if he were to occupy a little of his enormous liquid capital in buying control of the Royal Dutch. He attempted to purchase large blocks of shares and also to gain control of an associated Sumatra concern, the *Petroleum Maat Moera Erim.* Had Kessler been concerned only with making a very fat profit for himself, he might perfectly easily have agreed to this simple cure for his headaches; but he had different ideas about his beloved Royal Dutch. The Standard maneuver was defeated, and at once steps were taken at the Hague to ensure that the

control of the company should never pass out of native Dutch hands. Certain shares were created, at a meeting held on January 4, 1898, the owners of which would retain the real power of the company for good, and it was made certain that the owners of these shares would always be subjects of the Dutch Empire.

This setback could have only one consequence—a really vindictive price war, first in China, and then, remorselessly, in India and Malaya and wherever the Royal Dutch still had the effrontery to try to sell a few tons of oil. Kessler and Deterding prepared to meet the onslaught.

Deterding was enamored, as early as this, of a policy of rationalization of the oil industry by which producers and sellers would come to a voluntary agreement to fix prices among themselves (pretty high, of course) and to create some means of penalizing anyone who broke the agreement. Already, at just over thirty, and after only a year or two with the oil business, this obscure merchant was toying with grandiose and complex conceptions of monopoly. He claims, with pride, that "we of the Royal Dutch became probably the first oil company in the world to determine that henceforth, whenever and wherever possible, a definite system of cooperation with smaller trade rivals must be made an essential part of our general business policy; in fact, our main working plank."

To which an unsentimental French writer adds tersely:

"In a word, a policy of parasitism, mother of misery and privations for the masses of the people," and observes that M. Deterding scarcely tries to conceal it, even though he is accustomed to put forward his conceptions in less crude forms.

Deterding concedes that mere adoption of such a policy was not quite enough. It took a very long time for some of his competitors to see the advantage of it for them. Suspicious fellows, they appear to have asked, in effect: "What's the idea? Where's the catch? *You* get something out of it, sure—but do we?" In fact these competitors were so obstinate about their doubts and questions and attempts to see round the façade of his overtures that he had to abandon the idea of comprehensive

price agreements and amalgamations, at any rate for the time being.

He began then to apply another principle of business which he had worked out, one which he himself likes to call "the policy of the straight line." It was a policy of simplification to the final degree, a policy of elimination, of freezing out all stages and intermediaries not absolutely essential to the main chance, the job of getting oil from well to consumer and being paid for it. In practice, he was faced with two pressing issues—first, to cut down the delay between source and sale, and secondly, the concentration of sales, for the time being, only in those markets nearest to his oilfields. All additional expenses, such as middlemen's commissions, so he assures us, had to be frozen out if they were to continue in this fight of the fittest for survival.

The Royal Dutch had found itself, on more than one occasion, beaten by its competitors in those markets nearest to its own supplies. This he regarded as humiliating and disgraceful. So he tackled, as quickly as he could, the job of rationalizing the company's services. Impatient and irritated customers were to be assuaged. Deterding urged Kessler to find the money for the installation of huge storage tanks at every important Asiatic trading center—at Madras, Bombay, Calcutta, Bangkok, Shanghai, Hong Kong. Then customers would never have to wait, and there would be other advantages, too, in having supplies on hand at every important point. Kessler was not dismayed, though the company's balance sheet showed little enough in the way of available cash. Not only did he find the money for the tanks, but he managed to buy many brand-new oil tankers of the latest and most essential type. And he even succeeded in inducing the very cautious and wary Dutch public to invest some of its savings in the Royal Dutch, doubling the capital just at the moment when help was most essential.

Both Kessler and Deterding had ambitions for the future, expansive vistas of much larger spheres, much greater profits, possibly great power for themselves—but it is quite certain that neither had quite the idea of the creation of the great world-

wide trust which did in fact spring from their puny little enterprise; and it is all but certain that the elder of them was definitely against growth in that direction. Probably his thinking was a little muddled, for a clear analysis of the economics of oil and of the obvious trends things were following showed that any new oil enterprise, if it was to survive, would have to be, first, very big; and secondly, cosmopolitan. It would need astute, hard-bitten worldly men to run it, men who knew something of the major political influences of the time, men who understood the degree of intertwining to which commerce and government had moved.

On this question the first clash between Kessler and his boisterous and pushful young sales chief came about. Kessler was fairly often at the Hague, meeting his shareholders and not infrequently squeezing further investments out of them. On one of his visits the suggestion was put forward that, since it was obvious that the Royal Dutch was to produce and sell in the Far East, it was the intelligent thing to remove the center of the company's administration away from Europe, nearer the seat of operations. A step that had everything on its side, surely? Singapore, that crossroads of all Far Eastern trade routes, was to be the new headquarters.

That was the idea, and Kessler was all for it. But when he put it to young Deterding, he encountered fierce, determined, almost hysterical opposition. It would spoil everything. It would paralyze all the elaborate plans and terribly ambitious conceptions slowly taking shape in the new recruit's hard head. He sent into his chief one of his eloquent, argumentative, forceful memoranda, pointing out that, so far as the really big, complex, decisive affairs in economics, finance, and politics were concerned, it was essential to be on the spot—and on the spot meant Western Europe or New York, and nowhere else. There they could keep up with every new tendency in world prices, in freight charges, in new means of transport, in possibilities of snapping up new sources of wealth. In Singapore, no matter how assiduously they read all the trade magazines and financial papers, no matter how many thousands of florins a year went

on cablegrams, they would always be out of the swim, just too late, unable to assess a piece of news at its real value, unable to meet useful new men, unable to hear in friendly luncheon chats and post-prandial smoking-room yarns the truth behind the news. The prospect, to Deterding, was awful; the move to Singapore would make all the difference between a reasonable chance of success and certain failure in the crucial maneuvers that lay ahead. He gave instances: if, during the last few years, they had been installed at Singapore, where would they be now? He claimed, quite simply, that they would be nowhere; they would not exist, because the Standard attempt to secure majority control of their shares (only just avoided even as it was) would certainly have succeeded. And what if their oil sources near Singapore were to give out? Oil did not come up every so often, like wheat or cotton or coffee. Once you'd got it, it was finished. They'd look very silly all tied up in Singapore without an oilfield to their name. He thought they should locate themselves somewhere where they'd be well placed to snoop (or snifter) around looking for new supplies elsewhere. In other words, he already had big ideas. The producing properties of the concern he had attached himself to happened to be placed way out in Sumatra just now, certainly—but that was just chance. It had been this concern, probably, because Hendrik Deterding, clerk in the Netherlands Trading Society, happened to be out in the East Indies—that's all. Now that the pair had met and the wedding ceremony had gone through without serious hitch—why, let's go!

But Kessler was looked after. Sir Henri Deterding, speaking of the incident, generously pigeonholes the old fellow—"one of those very wise men who know just when to be overruled, even by a subordinate." Kessler came out to Sumatra and was convinced. The Royal Dutch remained at the Hague.

And then more trouble. That price war they had expected arrived on schedule. And not only from Standard; other concerns, mysterious cosmopolitan enterprises controlled mainly by French and British capital, were nosing round the Far East, in some cases selling Russian-produced oil products and in other

cases searching obstinately for promising new oilfields. Tankers of several different concerns crept down the Suez, past Ceylon and even up to Hong Kong.

Standard, most terrifying of all, threw load after load of oil, dirt cheap, into China and Siam and elsewhere in the East in the attempt to oust and smash the insolent little Dutch upstarts. The Royal Dutch wells had been behaving very nicely, and both Kessler and Deterding were doing efficient jobs. Kessler gave Deterding the oil, and Deterding, proudly displaying his four modern tankers, threw a good quantity of oil into the markets served by the principal Japanese and Chinese ports. He traveled constantly, and was incessantly pressing for greater efficiency—more tankers, better storage facilities, improved publicity and good will. He didn't rely on others; he suspected their motives and had little faith in their judgment even when their loyalty was obvious. His obsession was to have huge, brightly painted tanks of Royal Dutch oil standing ready for service—at a nice high price—in every port from Aden to Vladivostok. He himself pottered about with a dour, clumsy efficacy, dropping a stone on the end of a piece of string into the muddy waters of proposed dock sites. *His* tankers should be able to come right up to the quay.

Things looked good. The four tankers were so busy that the delighted Kessler agreed to order several more smallish ones and one very stylish and commodious big one. In August, 1898, the big tanker, newly arrived from Europe, was christened *The Sultan of Langkat,* in honor of the local big shot. The whole greasy population of Pankelan Brandon turned out to admire and cheer. Kessler and Deterding looked at her with feelings of right, tight self-satisfaction. *Now* they would be able to get every bit of their product to the market. It was a cheering sight for ambitious men of business.

Not so cheering was the news that lengthened their faces immediately afterwards. From the oilfields at the other end of the be-jungled pipeline came the most sickening report an oilman can hear. The wells were running dry. The most productive field the Royal Dutch owned, Telega-Said, had started

to give up salt water. The celebrations went on, but in everyone's mind was the question—what next?

It could hardly have happened at a worse moment. There is nothing more damaging to business prestige than the reputation of not always being able to fulfil obligations. Deterding's elaborate plans for extending and solidifying his company's power had turned on the argument that they had any amount of oil, but that the market for it was not fully hammered out and the means of transportation inadequate. In other words, his contention was that Kessler's part of the work was satisfactorily executed; the oil was produced, it was ready, available, waiting for buyers. But his side of the deal, the creation of the market and the instruments by which the goods could be brought to that market, had been hanging fire.

He had corrected that. Not without making a bit of a nuisance of himself with his ambitions and optimistic schemes and proposals, he had compelled Kessler and the stodgy capitalists back home to let him have his way. They had given him new powers to snifter around, given him nice new tankers. Everything looked in order for a big push ahead. And now this happened.

Taking only the short-term view, things were bad enough. They had pretty big orders on hand, and insufficient available oil of their own to meet them. But, from the larger viewpoint of the future, things were even more disturbing. The situation, for a man with Deterding's universal conceptions eddying in his o'er-leaping mind, was farcical. If they were to sell oil all over the world, they would have to *have* oil all over the world. That was the situation in a nutshell.

The immediate crisis was met partly by quick thinking and initiative, partly by good fortune. It was necessary that a considerable quantity of oil should be bought at once from someone who had the oil and would be willing to let them have it. Even if they had to pay more for the stuff than it would bring them from the customers who had ordered it, it would still be worth while. The connections must be kept, even at the cost of a loss; if the useful Royal Dutch market Deterding had created could be kept for the moment, it would, he believed, be kept

more easily later on, and, at the right moment, extended steadily. But the oil, obviously, would not be forthcoming from any Standard concern. Where could it come from then? Inevitably, the most likely seller would be someone who himself was interested in preventing the Royal Dutch markets falling, for lack of supplies, into Standard hands.

Did such a person, or such a group exist? Apparently it did. Already interesting conversations and tentative agreements were being made between the Royal Dutch and certain companies operating principally in and around Baku. Actually August Kessler was on the board of one of these concerns, and thanks to some rapid activity by telegraph, Deterding was able to contract ("not too profitlessly," too) with this company to send along to the East sufficient oil to meet the Royal Dutch obligations. And the oil was transported in Royal Dutch tankers; honor was saved.

And this was not the first time that a Baku concern stepped on Rockefeller toes. Yet the giant still slept. Why did Standard Oil not then and there stamp out the upstart concern, as it had done in so many other cases and could so easily do again? Was it carelessness? Was it a stupid miscalculation? We do not know. We can only be certain that if the giant had awakened, there would have been no story to write of Sir Henri Deterding.

More than ever now Deterding was convinced and determined that alliances were necessary. Not that he particularly wanted an alliance in itself. What he wanted was an infinitely bigger and more powerful organization in his hands, and he knew that lack of capital and the power of richer competitors stood in his way. He saw that he would have to run his concern on more thoroughly modern lines in the future, especially in respect to technical workers. From that day on, no Royal Dutch oilfield ever had much use for the whimsical, eccentric, bowler-hatted "old-timers" who claimed to be able to smell oil anywhere on earth and didn't give a damn for science or its degrees. From that day on, Royal Dutch began to take on, at higher and higher salaries and in ever-growing numbers, the army of technicians—geologists, drillers, engineers, analysts,

refiners—which played such a vital role in making the concern what it is today. Sentiment went out of the door when Telega-Said spouted water.

And he began to shape his *welt-politik* in greater certainty of form, in fuller, richer detail. What had been merely a vaguely outlined dream, a beautiful mirage not much nearer than the horizon, was now a thrilling, actual, graspable reality. He *was* someone. He was being listened to. He had a position. The schemes he had toyed with, biting his lip and clenching his fists till the knuckles whitened, were now just beyond his reach. A big push might change that.

Then an incident took place of very great importance and significance both in the history of the Royal Dutch Company and in the career of Hendrik Deterding. Returning to the Hague on one of his periodical business visits, August Kessler, an old man, tired in body and not unweary in spirit, died. He died at sea, near Naples, in March, 1900.

Deterding had had a good deal of freedom under Kessler. The old man had neither the energy nor the dynamic self-confidence in the creation and grasping of markets that his young colleague had shown. He had allowed Deterding not only to do a great many of the most important jobs himself, but also to do them in his own way. When Deterding tells us that the company, in 1900, "sustained the worst blow in its history," he adds, in a more personal vein: "Never could I hope to work so harmoniously with another chief again, and it was hardly likely that any other would give me so free a hand."

Who should succeed Kessler as Managing Director? That was a question which might determine the whole future of our principal. Given as boss a man unsympathetic—as many were—to his personality, his methods and his conceptions, he might be finished as an oil man, and four years of progressively more intense visions would be wiped away in an hour.

But Kessler had looked after that. He had left a son, also August Kessler, who was later to become a very big man in the Royal Dutch; but in 1900 August Jr. was much too young. The old man's last message to his directors had been a very

strong request, almost an appeal, that if anything should happen to him Deterding should be given the reins and allowed to do things his way. Probably some of them had intended that in any case. But there was opposition, too, and doubt. This young Deterding was all very well in his way, but he was not a business man in the best, or worst, Dutch tradition. Where their nature was dour, gradual, cautious and moderate, he was temperamental, aggressive, speculative and daring. But they thought nothing much could be lost by letting him have his chance. The company's position looked precarious enough as it was. The delicacy of its standing, however, was no fault of Deterding's. Rather had he done much to prevent utter failure and capitulation, invading a stronger enemy's province and meeting aggression with astonishing counter blows. "To survive, we just had to hit back," quoth he.

They complied with Kessler's request. In 1900 Hendrik Wilhelm August Deterding, former bank clerk, aged 34, of Amsterdam, Holland, became Managing Director of the Royal Dutch Company. By general consent, that happening is one of the half dozen most important in the history of the modern oil industry, and, from the point of view of the influence of personalities on history, it is one of the most interesting in the whole panorama of recent times.

V

ALMOST at once Deterding began to apply his own ideas about oil and its profitable exploitation. He began to look for allies. He wanted every oil-producing enterprise to be his ally; he wanted complete unity of purpose and method within the industry. Then let the public pay.

But only a fool, and he was no fool, would have hoped to catch the Standard people with talk of that kind at that time. Not that Standard wasn't out for an oil monopoly, too. Standard had been out for a monopoly for a long time now, and had come very near it more than once. But when that monopoly was to be achieved, it would be a monopoly controlled by Standard from Broadway; there would be no other voice. That, of course, was not our Hendrik's idea at all. He meant so to arrange things that in any future oil set-up his voice would carry far. He meant to be one of the industry's statesmen; he even, perhaps, had a far from sneaking idea that, with the drama cast as it was, he might he *the* statesman. It all depended on how carefully and how skilfully he played his cards.

He wanted allies. All right, then. Taking the problem stage by stage, he looked around for potential helpers. He already knew one or two financiers and agents and general "fixers" back in Europe, men who had had wide experience in gauging future trends in finance and industry, men who understood human nature and the cash value of a human personality.

Obviously his most likely friends were those people to whom he had something to offer and who could, in return, offer him something. On the well-grounded principle that business is business and sentiment shall have no place therein, and the equally well-established one that intelligent self-interest is the

surest impetus to position and power, Deterding looked over the friends he had already made (*not* for sentimental reasons) and those he might reasonably hope to rope in. Obviously they were drawn from oil operators endeavoring to compete with Standard, either in Europe or in Asia.

Who were they?

Broadly speaking, they were the various oil-producing interests of the Rothschild family. They did not all operate as direct Rothschild houses, but in most cases it was Rothschild capital which had made their establishment and extension possible. In the third chapter we saw how, as news of the crazy lavishness and chaotic disorder of the Baku oilfields penetrated to Paris and London, even the most influential and cautious financiers began to feel they could no longer ignore the chance of getting in on the ground floor of this new industry. Technicians of every kind were proclaiming, with an impressive insistence and unanimity, that in the enormously more industrialized world of the near future, oil would very soon replace coal as the principal fuel both for transport and for productive industry. The shrewd Rothschild family, a typical example of the internationalized family bank, had a first-rate information service, enabling them to double and redouble their capital by swift market operations and to increase and spread their power over finance and over politics by their penetration into important new enterprises operating in key industries.

In the last fifteen years of the nineteenth century, Rothschild money poured into Batum and Baku, financing and rationalizing a large share of the oil resources of the region and the railways and shipping lines by which the oil could be got to its purchasers.

Two important men came into Deterding's life at this juncture. Both were British subjects. Their names were Frederick Lane and Marcus Samuel. The three men between them were responsible for a series of deals, mergers and agreements which, within five years, completely altered the balance of power in the oil industry—or, if you like, created for the first time a balance of power. The effects of their work are still too vast to

be properly measured; it is still difficult to say with certainty precisely what more or less secret forces, political and financial, guided them towards the completion of their task; it is still dangerous to prophesy what the ultimate result will be, or to what extent their successors will realize the most secret and grandiose of their aims.

Marcus Samuel was a Jew, a stocky, intense, saturnine little man from London's Ghetto, Whitechapel. At the turn of the century Marcus Samuel was forty-seven years old, and already he had made himself a power in the City of London. Born poor, he and his brother Samuel Samuel built up a business in trading with the Far East. They themselves, after saving and borrowing from generous Jewish friends, went out to Hong Kong and Singapore and Japan, to find their way around and discover how best money could be made in trade with these outlying but wealthy corners of the merchant's hunting ground. They learnt all there was to know about trading methods—where duties had to be paid, how time could be saved, what was most likely to sell well and exactly where it could be bought in bulk at the right moment. The firm of M. Samuel and Company established useful trading agencies in many points in the Orient, and did an excellent business in tortoise-shell, in curios, in china and so on. Slowly the firm grew rich; slowly it began to build up a reputation as a house that knew its business and deserved encouragement. Marcus Samuel knew many rich Jews, and he was not unacquainted with the Rothschild family and their agents.

As his business grew, so his fleet of ships grew, and so he came to know many of the great shipbuilders of Britain. At this juncture we meet Frederick Lane, whom Deterding has called "the cleverest man I have known in all my experience," and (speaking of the period round about 1902, when big schemes were afoot) "preeminently the leading figure on our side of the oil world at that time." By "on our side" we may read "outside the Standard orbit."

Between them these men set about creating an integrated, unified oil-trading concern, with ample cash resources, with oil-

fields in as many corners of the world as they could reach, with tankers available to take the oil at the shortest notice to any customer ready to buy. Combining shrewd knowledge of finance and transport with various political and geographical advantages, they hoped in time to be able to defy Standard and build up a competitor in every way worthy of the once unchallenged American trust.

How was this done?

There were many factors of which the new allies took good advantage. Above all, perhaps, they were well placed in the matter of adequate sea transport. Britain, at that period more spectacularly perhaps than at any other, dominated the world's sea-going shipping. Her Tyneside and Clydeside yards were the most productive and the most reliable the world had ever known. Her seamen were great inheritors of great traditions. Her engineers were unsurpassed; her riveters and boiler-makers and steel-puddlers were skilled men who took a fierce pride in their unmatched deftness and flair.

As far back as 1880, about the time that British interest in Baku was really being roused, the Austro-Hungarian Empire consumed a good deal of kerosene, which was imported from Baku in the form of crude oil, and brought up the Adriatic to Fiume, where Austrian refiners had erected plants. As soon as the pipeline from Baku to Batum was completed in 1883, London business men began to consider the possibilities of importing oil products from Baku. At that time all the European markets were being supplied by America.

The refiners of Fiume approached the British firm of Lane and Macandrew, asking them to study in detail the possibility of shipping oil by sea from Batum. The British experts, after going into the question very fully, recommended that the same system of transport should be tried that was already being applied on the land-locked Caspian Sea, between Baku and the mouth of the Volga. The matter did not go ahead at all easily; there was trouble everywhere, and Lloyd's Registry opposed the idea.

But the thing was done. Lane and Macandrew persuaded

some British shipowners, among them Alfred Stuart, either to adapt existing ships or to build new ones for the task of carrying petroleum in bulk from Batum to the different European ports. From this point on, the owners of oilfields all over the world strove to build their own fleets of oil tankers, to enable them to supervise and control the trade in oil from the well to the actual consumer. It was this same firm of Lane and Macandrew who arranged for the first cargo of oil to come from Russia into London's docks. The boat was the *Petrolia*, and the oil belonged to Nobels. Immediately afterwards importing firms in Hamburg, Antwerp, Amsterdam, Palermo, Vienna, Paris and other centers made similar arrangements, and in almost every case the tankers were supplied through Lane and Macandrew. Through their energetic spadework and propaganda, American lamp oil was replaced by Russian in many important European markets.

Exhilarated by their success in conducting Russian oil into Europe, the British firm thought the time was ripe for them to make very considerable profits by ushering it into Asia, via Suez and the Straits. Frederick Lane was a wily, far-seeing, painstaking negotiator. He made an arrangement in 1886 with the Rothschilds of Paris by which he and his firm would try to distribute the oil produced by the Société Commerciale et Industrielle de Naphte Caspienne et de la Mer Noire, a Rothschild concern, in the Eastern markets.

In November of the same year Lane sold his first cargo to the firm of Wallace Brothers, one of the biggest houses engaged in the Eastern trade. The whole transaction proved so profitable and so promising for all parties that the Wallaces, the Société Caspienne and Lane and Macandrew immediately went into a more lasting collaboration. They gradually beat out a fairly extensive Far Eastern market, until in 1893 they were selling annually about ten million cases of Russian oil.

At the same time, continental firms, notably André of Paris, Albrecht of Hamburg and Good of Antwerp, were building up a very large market for Russian lubricating oil on the continent.

It was in 1891 that Marcus Samuel first appeared as a figure

in the oil business. It is extremely relevant here to establish the fact that Samuel was engaged in the oil transport business *before* the creation of the Shell Transport and Trading Company. It is widely believed that in 1897 Samuel created the Shell Company, today famous in every corner of the world, primarily to continue and develop his business in various oriental luxuries and knick-knacks, and that the change over to oil was purely casual and largely unexpected, coming after the creation of the Shell Company. Actually the situation was quite the reverse. Samuel *had* dealt in many things, including oil, before he established the Shell, but the great aim of that company was to build up a really world-embracing petroleum producing and distributing concern. Doubtless he and his colleagues hoped that they would, in time, do good business in other commodities, but oil was undoubtedly to be the chief of them. There is little reason to disagree with the critics, in France and elsewhere, who consider that the choice of the name Shell had nothing whimsical, haphazard or sentimental about it, but that the choice was part of a definite campaign to stall for time and hoodwink the shrewd and ruthless enemy in America. There was a plan afoot, in *someone's* mind. Every detail may not have been fully worked out, and possibly many of the exact purposes and methods were only half-consciously realized even by the principal negotiators. But clearly enough a big movement was on foot for the steady, sage and cautious creation of a great empire able to do battle with the Americans and anyone else; an oil empire run by Great Britain—and her friends.

But who were Britain's friends?

We shall soon find out. The Rothschilds had always been regarded in France as agents of British policy, tools in the hands of those grey-eyed, hard-headed, tenacious men who constitute the little Junta which protects Britain's "Permanent Interests." The London branch of the Rothschilds had been known to be stronger and better directed than that at Paris. Britain had always known how to use the special qualities of the Jews—the push, the wisdom, the tenacity, daring, specialized knowledge and intimate information of forthcoming trends and

likely troubles. Only a decade or two back, a brilliant Jew, one of the most spectacularly successful Imperialists England had ever pressed into her service, had been Prime Minister.

Jews were to assist Britain greatly in the slow rounding out of her oil empire. The Samuel brothers, quiet, unobtrusive, undistinguished in appearance and dress, were slightly known in the City as able and enterprising men of affairs, but not even Marcus' triumph of 1902, when he was made Lord Mayor of London (gleefully reveling in his success as he recollected the hems and haws of pompous, snifty burghers a few years back who had wanted to reject his candidature for Alderman), gave a hint of the international significance to which the little Jewish family was ultimately to attain.

Marcus Samuel was not one to let an opportunity go begging. By 1890 he had heard a good deal about petroleum and about the importance it promised to have in the future. He decided to root around in the East in order to discover ways in which he could get into the game, if not absolutely on the ground floor, then at least no higher up in the clouds than necessary.

By training he was a trader, a transporter of merchandise from source to market. Therefore it was logical, when his attention was turned to petroleum, for him to consider first of all the possibilities of shipping oil in bulk from the rich Caucasian fields through the Suez Canal to the far from saturated markets of the Orient. There was only one step for him to take, for he already had the boats, and the market was waiting for him. He had to make sure of his supply. And who could attend to this for him better than Frederick Lane, with whom he began to be drawn into an ever-closer collaboration?

In 1891 Lane and Macandrew arranged a contract between the Samuels and one of the Rothschilds' Baku firms, a contract which guaranteed the supply of oil and which immensely encouraged Marcus, still only in his thirties. It is unlikely that up to this point he had seriously considered going into the production of oil. But gradually it dawned on him that transportation and marketing were dependent upon production, and that together these activities could become a business of such size

and value that nothing else he had ever handled would count for anything in comparison.

Once the germ of the idea settled in his mind, he was no longer content to remain merely the errand boy who picked up an honest penny or two by taking other men's goods back and forth through the baking sunlight of the Red Sea and the Indian Ocean. He wanted to own oilfields and refineries; but he began by consolidating and developing his fleet. His dealings with important financiers in London and Paris became closer and closer, and as business extended he ordered more and more new tankers of the largest and most modern type, and had others adapted for the job from other older vessels.

There is little doubt that he received strong semi-official support in London. London's most informed and far-seeing officials and financiers knew that the country was going to need enormous supplies of oil, if the Merchant Marine and the Navy upon which the Imperial power depended were to remain supreme over their rivals. They knew that the irrepressible and highly intelligent if explosive Sir John Fisher was loudly reiterating at the Admiralty his rockbound conviction that the Navy would have to get onto oil rather than coal, and that quickly, if the Empire was to retain her possessions, even her independence, in the forthcoming struggle with Germany, a struggle which he prophesied, even fixing the date almost to a month. Britain had led the world in industrializing herself; she had done it on coal. Britain had sold her manufactured goods in every port on God's earth; and those goods had been made by the grace of coal. Britain's ships carried not only all those goods she had made herself but a vast proportion of all transported goods of other countries as well. She was the world's carrier; and almost entirely thanks to coal. Coal had made England what she was—an Empire, a great trading community built up by daring, by force, by native wit and adaptability, and by the luck—which rightly goes to the brave—of possessing a long coastline, an excellent strategic position (for the pre-aeroplane period) and any amount of fine coal under her soil.

Now coal was to be chucked overboard. Many vested interests would fight and fight with gloves off. But once the directing brains of the Empire had decided to try oil, then the job was tackled with care, with persistent intelligence, with cohesion and with vision.

In 1897, after Marcus Samuel had been transporting Rothschild oil for six years and after the trend towards oil-mindedness had become decisive in the British Admiralty, the time was ripe for a major move. The Samuels and a handful of financiers and colleagues founded in London the Shell Transport and Trading Company, announcing in a lengthy preamble that it would undertake the production, refining and transportation of oil. Some powerful financiers backed the new concern, including, it was reported, the Rothschilds themselves and the Capital and Counties Bank, which was later absorbed by Lloyd's Bank, one of the "Big Five" in London and to this day intimately associated with Shell.

Transport the Shell Company had, thanks to the Samuels; and refineries could be bought or built. But the new concern lacked oil. And so at last Samuel began the final step in his program—the quest for sources of crude petroleum. He at once found his attention drawn to the Metten concessions in Borneo. As far back as 1890, a mining engineer named Metten had succeeded in procuring some petroleum concessions in the island of Borneo, in the region of Kretei. But, independent and inexperienced in financial matters, he discovered, as so many engineers and technicians had found before and were to find again, that capital was the most important thing in his world. The stronger the large units became, the stronger they tended to become; that can be laid down as an absolute law of the capitalist petroleum industry. Where could he turn to find a buyer for the quite valuable oilfields which were his? In the end he sold to Marcus Samuel and his associates.

Meanwhile Samuel had discovered that the laws of Holland and the Dutch Empire required any company wishing to exploit oil in the Dutch East Indies to be registered either in Holland or out in the Dutch Indies themselves. So, after he

bought the concession, Marcus created a company with all due formality, called it the Nederlandische Indische Industrie en Handelsmaatschappÿ and promptly had it bought up by the Shell. Then he began to compete with Hendrik Deterding and with August Kessler, still living. Producing oil in their own region, he had a first-rate fleet of tankers and elaborate business contacts all over the East through his very various commercial experiences and his friends in London who could put in a word for him in India and other British possessions and spheres of influence. That meant pretty nearly everywhere; the sky looked nasty and grey for the Royal Dutch. This threat might break them where the apparently much more formidable Standard onslaught had failed. Standard watched with casual interest. Its directors believed that perhaps two of its most troublesome competitors would now save it a whole lot of bother and a certain amount of expense by tearing out each other's throats and quietly bleeding to death.

Deterding, even under Kessler's regime, had gratified his preternatural yearning to rationalize and amalgamate. But—and this is important—all the concerns he absorbed were Dutch. In the four years during which he worked in conjunction with Kessler the Royal Dutch came to terms, emphatically its own terms, with several smaller Dutch oil concerns producing in a very moderate way in Sumatra. The time had then come to move over to Borneo. A subsidiary was set up there, the Oost Borneo Mattschappÿ, and then the Royal Dutch found itself very vigorously up against the company which called itself Dutch but spoke with a Cockney accent and had a distinctly Semitic cast of feature. And this company did not wish to be bought up by the Royal Dutch. That did not necessarily mean it was not prepared to do business of some kind with the Dutch people. Samuel knew just as well as anyone else that the oil trade of the world was still very largely in Standard hands, and that the one chance for his concern's survival and growth lay in some sort of cooperation. But Samuel had strong forces behind him—a great fleet of tankers, and the possibility of getting any number more from his good friends in the City

who could make the Northern shipyards clang with creative uproar. He had the quiet minatory might of the British Navy, eternally nosing past Singapore up to Hong Kong or down to Sydney or Auckland. He had the financial flexibility and resources of the Rothschilds and others. He had the good will of the British Empire, its consuls, its agents, its Intelligence Service, its business leaders. He was not compelled—not by a long chalk—to rush in and accept the first blunt proposal made by his rivals.

Deterding was all for coming to terms with the Shell group and the other Rothschild interests operating in the East. But there is every indication that Kessler was against it. Kessler aimed at expansion, aimed at growth and greater power, but he envisaged all these things as the attributes of a purely Dutch enterprise. He was a nationalist in commerce, and a purist. The day of the great international combine had hardly dawned, and he could not see his Royal Dutch becoming the germ of a great world-embracing trust covering dozens of countries and controlling nearly two hundred companies. That was not what August Kessler wanted.

But August Kessler died. He died just then.

From then on it was mergers, mergers all the way. Beginning with an agreement as to prices with the remaining Dutch competitors, Deterding cheerfully set himself to offer terms to anyone in the whole oil business, not excepting Standard Oil itself. He looks back with particular affection on a comparatively small local deal, which he calls "the first child in my amalgamation basket," and confesses with pride that it was "the first of the many hundred working agreements all over the world and nearly all of them blossoming later into definite amalgamations and mergers which I have since been destined to complete."

Deterding concedes that the other concerns were extremely suspicious of the whole thing at first. It seemed to them that there must be a catch in it somewhere. It seemed to them that all they would get out of it would be to place themselves at the command of Deterding. So the agreement was drawn up so that any party to it could break at twenty-four hours' notice.

But here comes this beautiful and moving thought: "Our trust and confidence in one another soon grew when we saw the increased revenue which flowed into the coffers of each one of us." And for Deterding this little tie-up was just the first stage in a glorious, unbroken progress towards "more encouraging dividends."

After absorbing a number of small Dutch concerns in the Far East, Deterding was in a better position to approach Marcus Samuel. Samuel already controlled much Baku and Borneo oil—but it was not enough, not nearly enough. The Royal Dutch was strongest in the producing end of the business. It was inevitable that the "business friends" and polite "financial contacts" of these two men should draw them together. And it is likely that these friends and contacts included men high in the councils of the British Empire. The approach was made through Lane.

Sir Henri, discussing his most important merger thirty years later, said, "I cannot too insistently repeat that there was nothing dramatic or sensational about it at all. Just a straightforward working agreement; that was all this particular deal was." His aim in throwing in all his weight behind the scheme was the usual one—to eliminate what to him was needless competition, to cut out price wars, to get to terms with every potential operator in any given field, to fix a good high price and stick to it. What was to him merely a question of common sense did not quite so obviously appeal to everyone concerned, and Deterding had many a headache wondering why business men could be so blind to their own interests. Here he was, with a marvelous scheme by which the whole oil world could get together, shake hands, fix a price and stick to it—and there were still some fools who wouldn't listen. To our self-appointed statesman of capitalism, the Dividend Diplomat, the whole notion of competition and underbidding was vulgar and painful, just a needless worry, a "ridiculous but tragic farce." It was tragic, farcical and ridiculous that the simple man who wanted a drop of oil should be allowed to get it at the lowest possible price.

Deterding found that the Standard people would not come in.

Well, they weren't everybody. The Shell of Marcus Samuel was now a pretty big show, with fleets of tankers, its own oil-fields, subsidiaries and ample hard-headed business experience and cash resources. Deterding felt sure that so complex an enterprise could not but benefit from "price stabilization." Sir Henri tells us that he took his proposals to Frederick Lane, of whom, as we already know, he had a high opinion. Lane had had considerable experience in negotiating every sort of oil deal. He had attended conferences in Baku and St. Petersburg, he had given orders for innumerable oil tankers, he had foster-fathered various orphan companies and brought well-suited couples into reasonably holy wedlock. He was thoroughly well in with the Rothschilds, whose London agent he was, and he had just about as much influence with the Samuels. He knew the redoubtable von Swinner of the Deutsche Bank.

Deterding's account of the talks between himself and Lane is interesting. He gives us a touching and dramatic picture of himself as an impulsive but able young man, disgusted with the inefficiency and waste and poor public service of the oil trade in the East; the passionate young idealist pouring out, bluntly but with logic and fiery fullness, his radical notions for reshaping the oil world somewhat closer to his heart's desire. We see the older man, shrewd, naturally sceptical of such sweeping proposals but impressed against his will by the torrential persuasiveness of his junior. The young man, after ruthlessly showing up the stupidity of the oil concerns in keeping huge stocks of oil available in the East and allowing prices to fluctuate (bad enough) and to fall "fantastically low" (terrible), hauls out a pencil and compels the wizened old cynic to watch while he draws (on the inevitable "half sheet of notepaper") two lines. One is firm and steady, and it represents a price level as it should be "among all sound and decent oil traders," but unfortunately isn't. The other zig-zags up and down, and this drunken sort of a line, which goes occasionally over the straight line but more often below it, is the crazy behavior of prices in oil under the conditions of free capitalist competition operating at that time in the East. The eloquent youngster is absolutely

certain—though the older man hears this contention "incredulously"—that the Chinese consumer is suffering too, and because he is by temperament a speculator he will not buy in nearly such large quantities as he would if prices were rigid, even though they were high. If prices go down so much, why, they may go down a shade more tomorrow—so let's wait. That's John Chinaman's philosophy now. But if he knew that the prices damned well *wouldn't* be going down—not if certain negotiators over in London and Paris could have any say in it—then he would buy. Presumably he'd have to, if he wanted oil.

Sir Henri has recounted the arguments he hurled at the elderly Lane: that unless something was done to stop these "cut-throat methods," in twenty years' time they would all find themselves in exactly the same position as they were now, if indeed they were still in business; that sales lost now through having inadequate stocks were absolute losses, needless but irretrievable; that all they had to do was to agree on a price which would allow every producer "at least to live."

Lane, we are told, listened to all this with intent care. Deterding flowed on, expanding upon his "burning conviction" that some sort of cooperation was vital if they were to survive in the face of the Standard onslaughts. The two basic principles of cooperation he advocated (still, in his view, "the first guiding principle of all successful oil trading") were, first, that all the oil of all the concerns covered by the agreement should be produced, transported and sold at a single price and under a single control; and secondly, that each market should be served, whenever possible, by oil produced at the nearest source of supply. In this way immense "waste" and duplication of plant could be eliminated; staffs could be cut down, intermediaries in the retailing business could be frozen out and discarded; markets could be apportioned, instead of being fought for, savagely and expensively, in every single case. Sir Henri agrees that this general approach to business had since been called Rationalization, but thinks that that is just "an unnecessarily abstruse and erudite term" for a principle based entirely on common sense,

which the plain man would grasp much more cheerfully if it were called what, to him, it is: Simplification.

No talk yet of actual fusion and amalgamation; time enough for that. What Deterding was advocating was "a certain measure" of cooperation, hoping that that measure would in time become definitely large, that the aggregate capital of the companies involved would make up "a pretty big packet of money" whose influence even Standard could not fail to find "distinctly formidable." Deterding as usual dangled the simple but rarely ineffective bait of greater and more assured profits before the men he wanted to convert. Twenty-four hours after hearing a fairly detailed and genuinely fanatical statement of his world oil policy from the thirty-six year old Hollander, Lane was in Paris, conversing intently with his chiefs, the Rothschild bankers. They were impressed. They demanded exact details of the precise nature of each proposition and the incomings and outgoings presumed to be expected from the deals. The details came. Every day, and often in the night, Deterding worked away at these plans. His big bid for real power was taking place. Everything was gotten up in typewritten form—and the typing had been done by Deterding himself. Innumerable documents, prospectuses and share lists passed through his hands, and every one he manhandled vigorously. The schemes interested Lane tremendously, and impressed his friends in the House of Rothschild. The Samuels too were all in favor of such cooperation.

Before the final terms were fixed on, a good many details had to be thrashed out and many relatively small points which had caused disagreement and controversy had to be settled. But when the agreement was signed the union was an actuality. Sir Henri tells us that in later chats with Lane, the old man for whom he had such regard admitted "jokingly" that the terms of the final tie-up did not differ in many points from the draft originally submitted by Deterding. He had made a very pronounced impression; he had tried his hand against the smartest and most experienced business men in old Europe, and had come out, so it seemed, very near top. That was enough

to give anyone confidence. Deterding's march to world power had begun.

The news broke on a startled world in 1903. With one sweeping action, the second, third and fourth most important units operating in the world's oil trade merged their interests effectively, if not quite literally. Current newspapers had no hesitation in calling the deal "a dramatic and sensational development which will change the oil map." It was certainly the biggest working agreement brought about in the history of the oil trade.

In spite of the publicity that the deal received, and in spite of Deterding's interesting but veiled comment on the preliminary negotiations, which we have outlined, there still is considerable mystery surrounding actual details. What is known is that a new company was created, the Asiatic Petroleum Company, which was to sell oil products in the Far East. The new concern was to sell oil produced by the various Rothschild, Samuel and Dutch concerns, large and small, which had been competing with steadily intensifying vigor for such of the oil business of the East as was left after Standard had finished. The agreement, which was signed in June, 1903, brought about the creation of this new concern, "exactly," so Sir Henri Deterding assures us, "along the lines I had planned." His own account of these important years suggests that the initiative for all the countless price agreements and mergers of the period came from him, that it was his brain which conceived each new tie-up and his tireless industry and capacity for detail work which evolved the exact forms that the final contracts were to take. But another viewpoint, particularly popular in France (a viewpoint which we shall have reason to examine and weigh fairly thoroughly in this book), takes the attitude that from the moment when the Shell and Rothschild interests cast their eyes on the plump Dutch fowl, it merely ran around in circles, making a lot of noise but quite certain to do exactly what *they* wanted, in *their* way and at *their* time. More of this again.

The Asiatic Petroleum Company's capital of £900,000 was

divided into three equal parts of £300,000. One of these was held by the Royal Dutch, another by the Shell, the third by the Rothschilds' oil group, that is, certain of the Baku concerns in which Rothschild capital was heavily involved. Each group was allowed to nominate three directors. J. H. Loudon, M. A. Capadose and Hendrik Deterding represented the Royal Dutch. The Shell's men were W. F. Mitchell, H. M. Benjamin and Sir Marcus Samuel (he had been knighted by this time). Rothschilds nominated J. Aron, M. Baer and Frederick Lane, who represented their oil interests in London.

The Managing Directorship was given to Deterding, who thus, at the age of thirty-seven, became the head of a really influential and thoroughly international trust. For the first time in his life, Deterding found himself established in London. He had come under the wing of British Imperialism. From this date on the looming guns of British battleships would protect his ships, his tanks, his oilfields and his pipelines. From now on, the companies he had helped to build up were the concern of Whitehall, of the British Secret Service, the Admiralty, the Foreign Office, the City of London, the House of Commons, and even of the Palace. Hendrik Deterding, small Dutch boy, had grown into an important Dutch man; but his life was from now on to be divided equally between Holland and Great Britain. Apart from Standard Oil, still the greatest enterprise in the whole field and likely to remain so, almost everyone who mattered was in the new combine. Why had Standard so calmly allowed this giant competitor to come into being? We can only speculate on the answer. If Standard had acted earlier to crush the Royal Dutch, Deterding's firm would not have become a part of the new combine. Therefore carelessness or over-confidence or both must be a part of the answer. But would Standard ever have been able to buy out or crush the Rothschilds? Could all the Rockefeller money have dissuaded the lean-jowled old men who guard the Empire's "permanent interests" from the conviction that Britain must have its own source of the precious fluid? And, since only one answer is

possible to these questions, is it not clear that, Deterding or no Deterding, a British-controlled oil trust would have come into being? Deterding was simply the right man in the right spot at the right time.

VI

THE AGREEMENT of June, 1903, was merely the first step in a fairly clearly conceived campaign which was in time to embrace the whole world. Deterding, youthful Dutchman, precocious, masterful, confident and uncontrollably ambitious, moved with an astonishing speed towards his final goal.

Who can be surprised at his optimism? Consider the situation as it was then. There was nowhere in the world any such pressingly complex political and economic headache, in the form of a socialist government in action, as we have today. The world was a capitalist's oyster, lying invitingly in its bed. If one man didn't snap it up, another would. Here was the oil industry, already strong, already conscious of its strength. Here was a world rapidly increasing its dependence on the machine, a world in which life was becoming daily more complex, a world interdependent, tied to itself by a thousand and one links, wireless, cables, shipping, railways, increasingly more specialized manufacture.

Standard Oil's thrust at a world-embracing oil trust had failed. Was it Hendrik Deterding who had balked them? Was it Marcus Samuel, or the shrewd liaison officer between shipping and oil, Frederick Lane? Or was it the experienced Rothschilds? Not much use splitting hairs over that now. Standard's policy, the headlong pursuit of cash, cash, cash, had made it what it found itself in 1903; a huge trust, selling with varying degrees of profit in every corner of the globe, but definitely not a monopolist of crude oil or of any of its products. Standard had not yet made any efforts to seek out and pin down for its own future use the other oilfields of the world. Why should its chiefs worry? They had huge markets, but nothing yet which

they could not supply, and easily, from the wells of Texas and Pennsylvania, Louisiana and California. These fields, near their own organizational and administrative centers, were well managed, very prolific and extremely numerous. As a result, if the "snifterers" were enterprising enough and could find the requisite money and support, agents from Britain, France and Germany could find and secure for themselves all the oilfields from which the oil of the future might be pumped up. There were men in offices in Paris and London who had got wise to this. They knew the importance oil was going to have in the next few decades, they grasped very fully now that the outcome of great naval battles and the destiny of Empires might turn on the adequate control and exploitation of oil.

We have seen how Britain's agents, both openly and less obviously, began to penetrate the Caucasus long before the nineteenth century had come to its end. We have seen the priceless value of good tankers, we have seen the value of Disraeli's famous Suez Canal coup; we have been present at the birth, and watched the early growth, of companies which did not underestimate the might of Standard Oil, but did not fear it, either. We have seen the slow limning of the outline of a plan; a plan leading to the creation of another vast unit for trading in oil, a unit that would stand up to Standard on at least equal terms, an organization working in the closest harmony with the governors of the British Empire and its armed power. We have seen the three greatest competitors of Standard Oil fuse their interests and assets (or at any rate lay the basis for a subsequent fusion) into one not inconsiderable oil concern.

What next? Hendrik Deterding was now a man of the very greatest interest to the City of London and to Whitehall. For the time being, the great new trading organization, the Asiatic Petroleum Company, was to concentrate its efforts upon the markets of the Far East. For that purpose the move to London had been made. Remaining the big man in the Royal Dutch company, Deterding was now the Managing Director of a company concerned above all else with sales, and a company two-thirds British or Franco-British in its control. He had a home

in England, and rapidly began the surface anglicization which was so to change his habits and general way of life. From this stage on he became known to the world as Henri (occasionally Henry) Deterding; from now on the world regarded him, rightly or wrongly, as in every essential an Englishman.

Deterding was obsessed by his idea of "simplification" in the oil industry. He had the fanatical energy of the evangelist, the single-mindedness of a neurotic dominated by an *idée fixe*, the persuasiveness of a man possessed by a great ideal. He talked about a scheme which was to bring increased profits to shareholders in oil enterprises by driving up prices as if it was a grand humanitarian project calculated to augment the net sum of human happiness. He talked as if he meant every word he said. To him, the prosperity of the oil industry meant the prosperity of the ordinary man. He could identify himself with mankind in general to a degree rarely equaled, and, I imagine, never excelled. He measured men by the extent to which they resembled himself. His only criticism of intelligence or discrimination in others was the manner in which and the extent to which they reacted to his own personality and ideas. He gauged the prosperity of the society in which he moved by the prosperity of his own interests; no other factor weighed. Because Frederick Lane listened carefully and with obvious interest to his schemes, he was "the cleverest man I have known in all my experience"; later, when he was to meet an American rival who had to listen to the speech all over again, the American said of his friends and colleagues, "They've got a completely wrong idea of you." That American at once became "a brilliant young man." Brilliance lay in agreeing with Deterding; cleverness was likewise the faculty of detecting the advantages contained in his proposals, and acting on them.

He wasted no time. He saw no obstacle to rounding off the scheme he had worked out for simplification of the oil trade, by control of production and stabilization of prices at a nice and profitably high level. The altruistic ends he vaguely professed boiled down in practice to his conviction that much greater profits would come to every company in the business

if they would only come to terms about prices, and not, at all costs, start price wars to cut each other out. He wanted to eliminate competition. To Lane, he tells us frankly, he had said: "Only fall into line with us and your oilfields in Baku will soon be making money on a scale that will surprise you."

He now set out to catch an even bigger fish with bait of the same seductive nature. Already very pleasant advantages had come as a result of the June tie-up; the various parties to the agreement had "achieved price levels such as had never been known in international oil trading before." In short, Henri Deterding had been in the oil business for seven years in all, but he had already succeeded in forcing prices higher, on his own admission, than they had ever been known before, and regarded it as something to boast about, and something to spread.

The Americans, and by the Americans I mean, at this stage, the Standard trust, would not get in; they would not cooperate. They still thought their immense reserves of cash and oil justified them in attempts to smash the new and truculent competition provided by the Royal Dutch-Shell combination. The result was the outbreak of intermittent price wars in nearly every country of Asia—fierce and persistent and often very costly attempts to undersell their new rivals. All this was extremely painful to Deterding, who saw the whole thing as futile, wasteful and even wicked. Profits which should have been immense and stable were reduced to an infuriating level of slenderness and uncertainty.

In 1905 in particular the "throat-cutting" had been exceptionally savage and long drawn out. On this occasion, so Deterding believes, only the united front he and his colleagues had built up enabled them to survive at all. What he did, in due course, was to cross the Atlantic and to try to convert the Standard big shots to his way of thinking. Certainly he had confidence in his own conceptions.

In 1907 Deterding made the acquaintance in London of a young and extremely pushful Standard executive, then in his early twenties, but already a man of some weight in the coun-

sels of the Rockefeller trust. Walter Clark Teagle was apparently well disposed to Deterding from the very beginning, and listened to his schemes for stabilizing prices and steadily adding to profits at the expense of the consumer, with full-blooded awareness. Deterding found him willing to listen to his proposals and tells us that "this brilliant young man" was so intrigued and impressed by what the Dutchman had to say that he burst out with: "Come over with me to 26 Broadway, and tell them on the fourteenth floor all you've just told me."

"I'll tell them all right," Henri Deterding replied, and took the earliest boat, spoiling for the chance to tell everyone in the Standard Oil trust just what should be done to make the petroleum industry of the world as profitable for certain Europeans as it had hitherto been for certain Americans. When Deterding reached the famous Standard office, Teagle took him directly up to the fourteenth floor, where important questions of policy were settled. The first man Teagle introduced him to was John D. Archbold, famous as one of Rockefeller's earliest and most hard-bitten colleagues.

Deterding got down to his seductive sales talk right away. The arguments that had so impressed Lane four years ago were trotted out in all their fullness and commercial cogency to impress the less hospitable Archbold. The Standard man was a hard nut to crack; he had less to gain, or so it must have seemed to him, by any agreement on any point with this obstinate Royal Dutch-Shell combination.

"There may be something in what you say," he admitted, but Henri Deterding was not pleased to find his listener showing signs of amusement.

"I venture to tell you, Mr. Archbold, that there is a very great deal in what I say," Deterding snapped. "You have the idea that the best way you can do good business is by cutting prices, but although I am much younger than you are, I have been watching every move in the oil game very closely, and I must tell you respectfully that I know you are wrong. Believe me, your customers all over the world will give you many more orders, and you will do an even better business than you do,

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if you will only agree to keep prices level. At present, because of price fluctuations, the average retailer keeps his stocks at a minimum."

Archbold listened silently. After a long pause he replied that his people saw things in exactly the opposite light, but that Deterding was perfectly at liberty to try his hand at persuading them to the contrary if he thought he could. He tried. He found them polite but obviously unimpressed. It was very galling for Henri, particularly as he now felt that Teagle was a friend of his, sharing his conceptions and equally anxious to see a peace between the two greatest oil concerns. He left America prepared to fight.

The years from 1903 on were most painful for Deterding. He was determined to consolidate the advantage he had seized by forming the alliance between his own Dutch interests and the Baku and Shell interests of the Samuels and the Rothschilds; he was convinced that his future greatness lay in intensifying this cooperation and vigorously increasing the extent of the assets involved. He knew that, while the diplomat in him was trying to mollify Standard and buy off its onslaughts, the salesman in him would have to find some way of competing with it, or going under.

Cynical and sceptical French commentators have detected a diabolical astuteness in Deterding's emphasis on prices as a topic to discuss with the Standard people; they have argued that what he and, above all, his even more Machiavellian English allies wanted was time—time to root around the world, searching for unclaimed oilfields and finding ways and means of securing them for themselves. Not only would this give the oil power of the future to the more far-seeing Europeans, but it would facilitate the policy, previously determined upon, of always supplying each market from the source nearest at hand. In this way considerable transport and other overhead costs would be avoided, and this margin would be available for the harrowing price wars which Standard forced on them and could well afford. Always the Standard people, transporting every can of oil from its United States ports, would have that addi-

tional burden, whatever other advantages it might and usually did have.

When the fight reached its climax, it was China, Standard's one-time absolute preserve, that saw one of the most furious oil wars of all time. Deterding was absolutely determined to have his share in this market, even though he knew it would cost him a good deal. It was here that the Standard agents used to give away lamps free to the Chinese peasants in the conviction that the not very great outlay involved would be repaid quickly in the huge profits which would follow. More than two million each year were distributed in this way.

But Deterding threw himself in. He followed his plan of using the kerosene produced at the most convenient oilfield—in this case his original wells at Sumatra. The Standard people fought back in the customary way—cutting prices indefinitely—but they did not get away with it this time. By the time they agreed to give up the fight, Deterding had lost more than four million dollars, but he regarded the expense as well worth it. From that day on he was tacitly treated as a man with a right in China, and a useful part of the market was allowed him.

But this high point in the fight could be reached only after a good many preparatory steps had been taken. Before the really phenomenal expansion of the years 1903-1914 got fully under way, a more intimate association between the Royal Dutch and the Shell was effected. This happened in 1907, when "a combination almost as close" as an actual fusion between the two was forged. Some such step was essential if the huge program of expansion that Deterding and his associates had conceived was to be carried out. He reasoned quite correctly that it was Standard's monopolistic position in certain very profitable markets that enabled it to indulge in such ruinous price wars elsewhere. As a counter strategy for competition in these other markets he envisioned not an indefinite concurrence in price-cutting, but in an aggressive policy of invasion of the enemy's most hallowed preserves. He believed, like many of the greatest soldiers from Hannibal and Alexander to Marlborough and Napoleon, that offense was the most rewarding form of de-

fense. Hence the extremely daring onslaught on China. Hence "to hold our own, we had to invade other countries, too." He considers—and in this every student of the capitalist system, including Lenin, agrees with him—that the very nature of his business made it impossible for him to stand still. Already he was well launched on the voyage to bigger and bigger capitalization and expansion, and to this voyage there was only one logical end—monopoly, a single unit working to a single coordinated plan, dictating its price autocratically to the consumer and its edicts indiscriminately to politicians and diplomats. The scheme was well afoot as far back as 1880, and it most certainly had taken a hold upon Deterding's imagination even before Kessler's death. There is no reason to think that the sensational and in many ways disturbing happenings in the oil world since 1900 have weakened the drive towards that end.

"We had no other alternative but to expand, expand, expand."

Of course they hadn't. It is precisely the argument used by socialists against the capitalist system. The dangers of war and bad economics latent in such a situation are obvious, and subsequent events have proved time and time again that the dangers were actual.

What emerged from the 1907 conversations was an arrangement by which the Royal Dutch and the Shell held shares in the capital of two newly created companies. One of these, registered in Holland, was to concern itself with everything connected with the actual production of oil, and was named the Bataafsche Petroleum Maatschappÿ. The management would be centralized at the Hague. The other company was to be called the Anglo-Saxon Petroleum Company, and would be run from London. Its province would be the transport, storage and distribution of the oil produced by the Bataafsche. The combined capital of the two new concerns was £21,369,862, and this was held in the following proportions: 60 percent by the Royal Dutch and 40 percent by the Shell.

From then on the combine went out hell for leather to absorb or "cooperate with" every possible competitor. "A settled plan

of definite amalgamation with any number of other oil companies, whenever practicable," was adopted, though Deterding is anxious to assure us that, unlike some of his earlier competitors, they had no desire to crush the individuality of the smaller concerns they roped in. They merely made them play ball.

Trouble began very quickly after the creation of the Asiatic Petroleum Company in 1903. Not only in the Far East but in certain European countries the Royal Dutch-Shell group was anxious to oust Standard, or at least to share in the market for oil products.

In Germany in particular an interesting situation evolved. In that country there had been, prior to 1900, a certain amount of competition between various Baku concerns and Standard Oil, but gradually the Americans had won the ascendancy, partially by price wars, partially by political maneuvers and partially thanks to a decline in the Russian output at a critical moment in the conflict. The subsidiary of Standard established in Germany in 1890 seemed to have created a situation very nearly monopolistic, but the German government for many reasons wanted to end this state of affairs.

Germany was being run by ambitious and able imperialists, and Germany was looking eastward. The *Drang nach Osten*, which was intended to carry Germany's armies down past Constantinople to Baghdad and finally to Basra, Karachi and Delhi, would obviously concern itself with oil, and Germany's rulers were more and more impatient at the failure of Berlin to create her own independent oil resources. From 1900 on, attempts were aggressively made to rectify this state of things. The lead in all these efforts was taken by the great banking concern, the Deutsche Bank, which worked in complete understanding with the Army, the Rhineland industrialists and the great landowning Junkers, the moving spirits of nascent German imperialism.

The Deutsche Bank began to invest its money in some of the concerns producing oil at Baku, and made arrangements with others, e.g., the Nobel firm, to sell oil products in Germany. It

interested itself in Roumania, which seemed in 1900, as it still does, the natural source of oil for Germany.

In most of her dealings in oil Germany found herself face to face with the Rothschilds; they were already in possession of the field or partly so. Since the Rothschilds were already committed in the matter of oil, allied with Deterding and with British world plans, it was unlikely that they would assist German finance to extend its control over a source of power only too likely to be used later against Britain.

At this time the Deutsche Bank associated itself with the Shell, Nobel, Mantacheff, and the Rothschilds in organizing a sales system for oil products. The Rothschilds and the Shell people had no objection at all to selling their oil and its products in Germany. What they were anxious to avoid was that Germany should hammer out her own oil supplies, and so become independent of them. To this end all their plans were laid, and their success was quite considerable.

In 1906 the Deutsche Bank found itself once more cooperating with the Rothschilds in the creation of the Europaische Petroleum Union, which also had dealings with the Nobels. This very important combination was conceived by the Deutsche Bank as the groundwork for another worldwide oil trust. It hoped in time to force both Standard and Royal Dutch-Shell out of the European market and to secure it for itself. The plan was, of course, dependent on its success in securing its own oilfields, as many of them as possible. This, in turn, could soon be reduced to the question of the German pursuit of the Mesopotamian oilfields and of the *Drang nach Osten* generally. The full story of that push, in its relation to oil, will be told later.

The presence of the Rothschilds in this new combine (whose leading architect, incidentally, had been Frederick Lane) showed that the Germans were apparently deluded as to their friends, and that their plans were based on fallacious assumptions. Wherever Germany looked for independent oil, she found either Britain or Britain's friends already there, offering to sell

oil but no more. Germany was not allowed too much oil under her own control.

As Germany capital penetrated the various relatively small concerns producing in Roumania, notably the Steaua Romana, the future for the Kaiser's Army and Navy began to look a little brighter. The shrewd and forceful Marschall von Bieberstein was at Constantinople, surrounded by extremely determined and acquisitive business men, agents, soldiers and engineers, avidly squeezing the doting and impecunious Sultan for anything he would hand over. The 1903 agreement for the construction of the Baghdad Railway promised great things, particularly in connection with the rumored oil of Mosul and Kirkouk.

It was essential to Britain that this thrust towards her all-important Eastern Empire should be arrested. Oil was one of the instruments by which the effort might be frustrated. The Royal Dutch-Shell group carefully cut the ground away from under Germany's feet. This was done partly by getting into all the oilfields in which Germany hoped to establish herself, and partly by extending Royal Dutch-Shell influence in the German market, and in effect, over German internal affairs. The Europaische Petroleum Union never attained the status which had been planned for it—and that was no accident. In 1906, as Germany's new marketing arrangements relied upon Roumanian oil for a large proportion of the country's requirements, the Royal Dutch quietly penetrated to the core of that country's supplies. Through a subsidiary company created for the purpose, the Geconsolideerde Hollandsche Petroleum Co., the Royal Dutch arranged for the amalgamation of a number of smaller Dutch and Roumanian enterprises already established there, and paved the way for the absorption of the important Roumanian company, the Astra Romana.

The German chances of swinging the whole of Roumania's production into line with her wide plans for world conquest were thus neatly paralyzed. Almost the same thing happened when she looked to the Caucasus, a region which of course figured prominently in the elaborate and impressively complete plans for the future German Empire.

That same Geconsolideerde was the means by which valuable oil properties around Grosni, in the Caucasus north of Batum, and one or two other Russian companies, were brought into the Royal Dutch camp. In April, 1910, the Anglo-Saxon Petroleum Company created the Ural Caspian Oil Corporation for the purpose of acquiring the concessions which had been established on the banks of the Caspian Sea; and itself collaborated with the Geconsolideerde in the Grosni region, farther west. In February, 1912, the Rothschilds transferred to the Royal Dutch their interests in the old-established "Brito" (Société Commercielle et Industrielle de Naphte Caspienne et Mer Noire) and in the Société Commercielle et Industrielle du Naphte Mazout, which had a very large selling connection in Russia itself. The Shell, too, bought considerable holdings in these two concerns, with the result that in the end the Royal Dutch-Shell share in them amounted to 80 percent of the total value.

By the time these last deals were made, Germany's prospects of creating independent sources of oil for her highly industrialized country and wealthy population were limited to the outcome of the immensely complex and quite unscrupulous wranglings over the Mosul fields. The oil war had made its own inevitable contribution to the jangle of forces driving Europe and the world to war.

Deterding's world-plan was carried forward with startling momentum. The necessary conditions for very rapid expansion were now present. There were men of drive, ambition, vision and, if you like, greed, in control. There was a mighty fund of latent political, financial and economic power arrayed behind them; there were the experience, the connections, the resources and the men of the British Empire; there was the rapid industrialization and the increasing purchasing power of the Asiatic peoples.

From 1906 onward he threw his weight, his elastic capital and his quickly growing army of agents and highly skilled geologists and engineers into many corners of the world. There was the invasion of Roumania, involving the acquisition of

various existing companies and the forestalling of German aims. In 1908 came the entry into Egypt, and the formation of Anglo-Egyptian Oilfields, Ltd. The venture was not particularly successful, not for a long time. Determined to make a success of this particular region, Deterding and Samuel pressed on, spending very considerable amounts of money in the attempt to strike oil where none was forthcoming. Deterding assures us that as the costs rose higher and higher and no results were registered, Samuel got fed up and advocated the abandonment of the plan. But Deterding himself, who has ridiculed and attacked the reliance on hunches in others, insisted on carrying on, because "a strong instinct within me amounting almost to a sixth sense but based on no really adequate reason" told him to persevere. Some of his colleagues agreed that it was right to carry on, and it was after the company had spent more than a million pounds in drilling and calculating that at last oil was struck, and in quite profitable amounts. A young geologist by name Bauermann was the man who actually made the discovery. It led eventually to the creation of a company which, though not large, has been one of the most consistently profitable and least troublesome of all the Royal Dutch-Shell enterprises. In 1911 this company was actually launched, producing oil for the local and the neighboring markets from fields near the Red Sea and at Hurghada and Gemsah, with a refinery near the Mediterranean end of the Suez Canal. The Egyptian government became an important shareholder.

In 1909 Deterding arranged for the more exhaustive exploration of Sarawak through a series of negotiations with the Rajah, one of the famous English Brookes, a man of over eighty years, who was invariably out on his horse at seven o'clock in the morning. The Rajah drove an extremely shrewd bargain, but the deal was well worth while, for the Sarawak oil went straight to the very profitable Far Eastern markets.

About the same time Deterding began a drive into Russia, now for the first time regarded as a field for actual production. Hitherto his connections with the Caucasian fields had been merely a tie-up for buying and selling through the Rothschilds'

agency. Now at last he began to lay the ground for a large-scale penetration of the region. The "Standard Russe" deals were completed in 1910, and in 1911 and 1912, as I have explained before, the Grosni fields of the "Ural Caspian" were brought into line.

He began, too, well before the outbreak of the Great War, the penetration of Venezuela. This is rightly regarded as one of Deterding's most impressive achievements, and shows that he had great hopes of this obscure South American country, backward, dangerous and disease-ridden as it was, years before its spectacularly productive post-war period. He himself regards the opening up of Venezuela and the rapid development of its huge oilfields as "unquestionably our biggest achievement to date from a geological standpoint." When the Royal Dutch-Shell came along, Venezuela had a dismal reputation as the country of lost hopes and lost capital. Even before the close of the nineteenth century, it had been believed that there were great oil possibilities in Venezuela, but the failure of the various efforts made to develop its resources—chiefly owing to lack of persistence or lack of adequate capital for the complicated production and transport problems—had frightened most people off. But Royal Dutch-Shell meant business. It had really crack scientists on the job, and almost bottomless financial resources. And Great Britain was officially interested in the building up of oil resources by her friends somewhere in this neighborhood.

A long-term concession, covering enormous tracts of land in different parts of Venezuela, had come into the hands of the General Asphalt Company of Philadelphia. The contract had already had some extremely discouraging adventures. Various people had tried their hands with it, and five million dollars, or thereabouts, had been spent in absolutely fruitless efforts to get oil from the territories covered by it. No one in America wanted it, apparently, for it had been hawked around for a long time without attracting buyers. Deterding decided to take a chance; in buying it, he made what he regards as "the most speculative venture of my life." Plenty of men who knew the oil

business shook their heads and said with confidence that this time that Dutchman had missed the boat.

An American geologist of repute, Ralph Arnold, had recommended the deal, and Henri Deterding was extremely impressed by his report. A Philadelphian, James Clark Curtin, who came to London to sell the concession, also got on well with Deterding. But he assures us once more that this venture, which was bound to cost him and his shareholders "a colossal sum of money," was based on "that blind instinct," which, apparently, is justifiable when it manifests itself in him, but old-fashioned and punishable in others—particularly in old-timers.

The original arrangement with the General Asphalt Company was to the effect that Deterding would spend at least as much in developing the concession as they had spent, and that the sellers should receive a share in the profits, but later on this agreement was altered, no doubt to the advantage of the Royal Dutch-Shell. The company created by the General Asphalt, the Caribbean Petroleum Company, then came under Royal Dutch management, and the first producing area, the Mene Grande field, soon began to spout oil. Later the same Mr. Curtin of Philadelphia sold the Royal Dutch the Vigas concession, which had been granted in 1907 and which covered a very large area in Western Venezuela, in the southern part of the Maracaibo basin. Another company, called the Colon Development Company, was formed to develop this field, and 75 percent of the shares were held by Royal Dutch-Shell. It was not, however, until the formation in 1915 of Venezuelan Oil Concessions and the immense developments of the twenties, that the strange republic of Venezuela became a really significant factor in the oil market of the world. Time enough to speak of that again.

And Mexico was brought in. Those were the days in which a solid and enterprising British engineer, Weetman Pearson (Baron Cowdray, as he later became), was fighting the Standard Oil people and some other aggressive American concerns in the hectically revolutionary Mexico of pre-war days. Each side

had its own friends in the innermost political and military circles of the country, and each followed the well-established technique of subsidizing its own "muscle men" to oust the other's from lucrative and preponderating influence in the lush fields of Mexico.

It was during the years 1911-12 that Deterding's Mexican drive began; he acquired large properties there, through the intermediary of the Royal Dutch subsidiary known as the s'Gravenhage Association (s'Gravenhage is the Dutch name for the city known to us as the Hague). A large concern known as La Corona was formed to consolidate the different Royal Dutch-Shell interests in the country. Mexico was troublesome enough. For every tough and doubtless colorful military adventurer one side managed to buy, the other side bought one too. There seemed to be no end to them. There was little continuity, and no single concession could be regarded as really safe, no matter how many millions of pounds were sunk in it. The speculators in Mexican oil did not unnaturally feel a little like adventurers themselves; they regarded the country as one to bleed. There was sabotage to contend with, hostile natives, discontented workers, resentful peasant proprietors who had been dispossessed. There were even those most annoying of all people, Mexicans who wanted nothing for themselves but simply wanted to know why all these moneyed, blue-eyed, hard-faced Americanos and Ingleses had to be there at all.

But the Mexican profits were very high, in spite of all hazards, and after the war Deterding was to push forward even more spectacularly.

Before the Great War pitched everything into the melting pot and rendered the future of every capitalist concern in the world uncertain, Deterding had begun the most ominously Alexandrian thrust of his whole career—the invasion of the United States.

Far back, during the Chinese rate war with the Standard people, Deterding had amazed the oil trade as well as many people outside it by a coolly impudent but evidently significant gesture. He had sent several tanks full of oil to Germany, but

had found that the market price there had suddenly fallen to pieces. Rather than accept a disappointing price, he ordered the vessels to turn about and to make a beeline across the Atlantic for New York. And so, one morning, the tankers cheekily nosed their way past the Statue of Liberty. Thanks to Deterding's efforts in collaboration with the Dutch Minister of the Colonies, the import duty on gasoline into the Dutch East Indies had recently been abolished, and by the McKinley tariff this meant that Dutch companies could import free into the U.S.A. Deterding knew that the prices prevailing in the U.S.A. were considerably higher than those he could get anywhere in Europe, but there were other reasons for his action, too. The mere fact that he had made such a sale at all, regardless of his price, was immensely important and pointed the way to the much more serious inroads of the future. Sir Henri has told us about it, and assures us that there were no Machiavellian ideas behind the action, no spectacular conceptions; it was just an ordinary logical business step, taken "in no vindictive spirit and without any secrecy." Very soon after, the London representative of the Standard Oil Company, Mr. MacDonald, called at his office and surveyed the villain of this little piece with a look of injured innocence. What he wanted to know was exactly what the move meant for the future. Deterding had tried selling oil in the very sanctum of the lion; where was he going to stop? Sir Henri replied amiably: "I intend to ship oil wherever it pays me best to do so—now surely you won't blame me for that!" At this reply, we are informed, Mr. MacDonald's irritation gave way to laughter—though it doesn't appear a particularly witty or otherwise amusing remark—and the two oilmen parted good friends.

It was some years after this incident that the Deterding battering-ram made its first smashing onslaught upon the United States' own oilfields. The situation was that American competition with Deterding's now widespread and hugely diversified enterprises was all the more stubborn and lasting because the Standard people, still enjoying a virtual monopoly on their own soil, could drive up the price in America whenever neces-

sary in order to offset the losses incurred in price wars in odd corners of the earth. Deterding had a trick for dealing with that. He chose the right moment to jump dexterously into the American oilfields, purchasing large and very promising oil-bearing lands in several different states. He knew that the American domestic market for oil products was going to continue growing at an exciting tempo. He saw the mushroom-like sprouting of motor plants in Detroit and around it, the sudden popularizing of the idea of a car for one and all. The United States was now a great country, well balanced economically, heavily industrialized and yet soundly rooted in agriculture, populated by alert, optimistic, work-crazy folk, many millions of them so recently arrived from desperately impoverished European dead-ends that for whole decades they could be relied upon to grumble at nothing, to adopt and glorify the slogans and clichés of individualism, rugged enterprise, hundred percent Americanism and sound morals. In this soil a thoroughly integrated, self-aware, compact and unsentimental capitalism could do wonders, and in this soil Henri Deterding now set both his feet.

Henri Deterding believes quite frankly in competition when he himself is being shut out of something good; then he can bring forward copious, cogent and sternly moralistic arguments for the free opening up of oil sources and of oil markets to all operators who think they deserve a chance. He is most convincing. But once he himself is in, his tone changes completely. Now he becomes the advocate of caution, of reasonable remuneration for the enterprising pioneer, of fair protection for the man who risked his capital in early speculative days, protection from the hungry, profit-sniffing sharks who follow to make easy money for nothing—and spoil everything. "To compete successfully in price, a big trader in oil must obviously have the right entry into all the world's markets. This fact is now freely recognized by most American traders, whatever may have been their attitude to overseas competitors in bygone years. At the same time, it must be remembered that if too many try to do this, regardless of competitors, there is created

an enormous duplication of facilities and terrible overheads, and so it is that today more than ever, I claim—whatever others may say—that there *must* be cooperation." For cooperation I think we may read, "the exclusion of others once I've got in." Deterding thinks people should stand in line, so long as he's pretty high up in the line. If he's far back, he's the world's most ardent and plausible advocate of the open shop, the scramble, the scrap, the free-for-all, might-is-right, survival-of-the-fittest, victory-to-the-strong school of philosophers.

And so it was that he began to ram Standard in its own territory. It was the move of a daring, confident, aggressive and insatiable fighter. Deterding did not hesitate. In several states, within the period of a few years, large and very promising fields were bought in. Through holding companies and through the purchase and rationalization of small minor independent organizations already functioning, he began the movement which was to lead in the post-war period to the creation of huge Royal Dutch-Shell enterprises entirely on American soil. American capital was invited and used. American markets were aimed at, and thus Deterding began the policy, satisfying to him and his allies, of assisting America to use up her own oil resources. Incidentally, the extremely high price established by long years of Standard domination made it extremely profitable for him to operate there, and allowed him an ample margin for the occasional price wars. Not that he wished to conduct any price war one moment after the object for which it had been waged was attained—the right to trade. This right he won the more easily because he timed his onslaught to coincide very deftly with the period of Standard Oil's most unhappy years. The period of perfect and gentlemanly understanding between the governments of 26 Broadway and of Washington had not arrived. After the Great War the United States Government's State Department was to constitute itself something of a strong right arm of Standard interests, but up to 1914 Standard found things occasionally very uncomfortable. What with the frenzied and astute muck-raking of non-conformist ministers and energetic authors like Miss Ida Tarbell, what with a really irri-

table and hostile public opinion, what with trust-eating lawyers like Kellogg and trust-busting presidents like Theodore Roosevelt, it was not easy. Many suggestions have been made, and still are being made today, that the British interests trying to weaken American commercial advances both in the United States itself and abroad were greatly assisted by a Trojan Horse in the shape of the House of Morgan. The House of Morgan, then as now, was closely allied with England and her policy. Personal ties bound John Pierpont Morgan the Elder with England, just as his even more influential son is today friendly with everyone of the highest standing in England—the King himself, the Archbishop of Canterbury, the Prime Minister and the Governor of the Bank of England. Did the mechanism of Morgan assist "British" oil interests in their penetration of the territory of their outstanding commercial rival? It is not easy to say whether such assistance was being given as far back as 1911-12, but there is no doubt that it has been given since.

Decidedly, England had awakened to the importance of oil. In every corner of the world she was driving hard, and she needed all the force, experience, diplomacy and financial assistance she could marshall. There were enemies everywhere; Germany, America, Russia and France were all in the field. Britain's task was to out-maneuver one and all. Her team for the battle of wits was not unworthy, and there were many men in it who had not been born of English parents. But that circumstance did not disturb Whitehall.

VII

BY THE TIME the Deterding-Shell-Lane-Rothschild alliance had been functioning for ten years, the relative strength of the great operators in the field of petroleum and its products had been radically and sensationally altered. And the biggest and most importance change of all was the change in Britain's standing.

Great Britain had entered the oil race, definitely, decisively, thoroughly. What were the forces driving her into this new and apparently suicidal policy? Britain had grown to power through coal and she had any amount of coal on the spot. As for oil, there was no oil, it seemed, nearer than Roumania, and all the oil Britain was likely to get would have to be transported somehow or other, either through the Mediterranean Sea, past Gilbraltar and up the Bay of Biscay, or else right across the Atlantic Ocean. Who put Britain into "the thrall of oil"?

It was the extraordinary little monkey man, the dynamo John Fisher, the "Oil Maniac," the visionary, the live wire of the Admiralty. He it was who so bothered the red-taped, brass-hatted stick-in-the-muds of Whitehall and Westminster that in the end they agreed to listen, and finally did whatever he wanted them to do.

When did Fisher first begin to talk oil? Amazingly early, astoundingly early, from all accounts. As far back as 1882, when Hendrik Deterding was just beginning his earning career as a five-bob-a-week clerk in the Twentsche Bank, Fisher was riding his vice, boring and annoying everyone he ever met, with his fabulous stories of what the British Navy could do once it got onto oil instead of coal. Lord Moulton, a chemist who in his time served the British Government well, recollected having

met Fisher at Marienbad in that remote year, and hearing the explosive little Admiral.

He was taking a holiday following his exertions bombing Alexandria. "The use of fuel oil can add a full 50 percent to the efficiency of any fleet that uses it!" barked Fisher. No one took him seriously in those days, but the time came when they had to. There was a streak of genius in the man, a method in his apparent mania; and like most of those who know very clearly what they want, he got there in the end. It was quite a long time before he had his real chance.

At last he became the First Sea Lord of the Admiralty, a very big shot indeed and a man of crucial importance to the Empire. More than anyone else Fisher was absolutely convinced that a tremendous naval scrap with Germany was coming up. It is well known now that he prophesied the date and the details of that settlement with an extraordinary accuracy. For five years and three months he held the Admiralty position and he himself has described them as the most active and important months of his life. And this was the period during which decisive steps were taken by Britain to put her whole naval power on oil.

Fisher was no fool. The public still thinks of him as one of those abrupt, flowery-tongued, red-faced, explosive admirals the English public likes to have in charge of its "incomparable Navy." But Fisher, though his publicity makes him out to have been a curt, pugnacious little man of action who scorned learning and detested landlubbers, was a highly equipped technical expert. He knew his job thoroughly and spent day and night thinking out its newest problems. He believed, like the man who was to become his friend, Deterding, that complex issues could be and should be simplified, and to that end he tried to reduce all technical arguments to simple, plainly phrased points, understandable to the uninformed layman and, if necessary, to the uneducated mug. Fisher had a great admiration for John Bright. Every time he passed Bright's statue, he saluted enthusiastically; if he was in mufti, he raised his hat. Why? Because Bright made a point of putting all his most important speeches into the simplest words, words of one syllable if possible.

Fisher detested politicians, but he knew they had to be reckoned with. For the benefit of these stupid jacks-in-office he worked out his recommendations, giving in simple, terse, smashing arguments the reasons for turning away from coal to oil. In a memorandum offered to the Government, he pointed out that, among other things:

"The use of oil fuel increases the strength of the British Navy 33% because it can re-fuel at sea off the enemy's harbors. Coal necessitates about one-third of the Fleet being absent re-fueling at a base (in case of war with Germany) some three or four hundred miles off!

"With two similar Dreadnoughts oil gives three knots more speed—that is, if ships are designed to burn oil only instead of oil and coal—and speed is everything.

"Oil for steam-raising (i.e. burning under boilers) reduces the present engine and boiler-room personnel some 25% and for Internal Combustion Engines would perhaps reduce the personnel over 60%.

"The sailor's life on the 70,000 h.p. coal-using *Lion* is worse than in any ship in the service owing to the constant coalings.

"It is an economic waste of good material to keep men grilling in a baking fire-hole at unnecessary labor and use 300 men when a dozen or so would suffice.

"At any moment during re-fueling the oil-engine ship can fight—the coal-driven ship cannot; she is disorganized, the whole crew are black as niggers and worn out with intense physical exertion. In the oil-driven ship one man turns a tap.

"It is a criminal folly to allow another pound of coal on board a fighting ship.

"Oil does not deteriorate by keeping. Coal does. You can store millions of tons of oil without fear of waste or loss of power, and England has got to store these millions of tons, though this reserve may be gradually built up. The initial cost would be substantial but the investment is gilt-edged."

And so on. He offered most of the now classical arguments for oil as against coal. He was the man who forced Britain onto oil. It was no new thing for the British Navy to make funda-

mental changes in the materials on which it depended. Britain, supposedly old-fashioned, slow, conventional and sluggish, was in fact without a rival in the astute measuring of new forces in military affairs, new materials, new sources of economic and political power. Invariably the same chorus of outraged die-hards protested violently against the change, the vile contempt for tradition, the sinful and disastrous surrender to sinister pressure from vested interests. But the change went through.

It was scarcely a few decades ago that a furious agitation, both by pamphlet and press correspondence, protested against the proposal that the Navy should rely, not as hitherto on good British oak but on this new-fangled steel plate. Eventually, as the coal and steel age clearly had arrived, even the most obstinate and thick-headed retired military men in the Pall Mall clubs conceded that there was nothing much to worry about, since England had ample resources both of iron and of coal. But the swing over to oil, an outlandish fuel found at the ends of the earth, was a very different matter. As two British writers (who know what they are talking about, since one had been a wartime Prime Minister's private secretary) have expressed it: "It needed some of Lord Fisher's rude, uncompromising violence to move the more conservative into thinking about oil at all."

It was during the first fifteen years of the new century that the famous active intervention of the British Government in the oil trade took place—an intervention principally through the Burmah Oil Company and the Anglo-Persian Oil Company, which will be discussed later—but it is generally conceded that Fisher had nothing to do with this remarkable and quite unusual step. There is reason to believe that he regarded the question of the actual purchase and storing of the requisite oil as a perfectly straightforward job for the appropriate departments at the Admiralty. He was concerned, we are assured, to see that the Navy should be adapted for oil-burning and that adequate supplies of oil should be available. He was not in favor of the Government's active participation in the open market oil trade.

Was Fisher Deterding's "man"? The actual struggle was not, as many people seem to think even today, between the rival politics of coal and oil fueling, but between the two rival policies of oil supply. One policy, the one which eventually triumphed, involved the creation of an almost entirely new oil trust, controlled entirely by British capital, having its own entirely new oilfields, and directed to a very great extent by the Government itself. The other line, advocated by Henri Deterding and, it appears, by Fisher, and still being pressed in England after the Armistice, urged that the whole Navy and mercantile service swing over to oil, but leave the source of supply open to existing concerns. The Royal Dutch-Shell people were perfectly confident that in time they would know what steps were necessary to edge this very lucrative and immensely important business into their own hands.

The idea Fisher had in mind, and there is reason to believe that it was put into his head by Deterding, with whom he became extremely friendly, was to create immense storage facilities and to buy the oil wherever it was offered most cheaply. In all probability Deterding's aim was first to get the Navy on oil, and then, having prevented the creation of independent sources of supply for the Navy, to pursue his "rationalization" policy, which would mean at this juncture little more than coming to terms with the Standard people. Then the British Navy would eat out of the hand of Henri Deterding.

On January 28th, 1910, Lord Fisher, still known as the "Oil Maniac," retired from his position as First Sea Lord; but he had not ceased to be a man of importance in the councils of the British Government. In May, 1912, two very powerful figures in governmental circles descended upon him at Naples. They wanted him again, and they wanted his ideas on the subject of oil fueling. The two visitors were the Prime Minister of England and the First Lord of the Admiralty, Herbert Asquith and Winston Churchill, and they wanted to tempt old Fisher back into harness as chairman of the Royal Oil Commission they were about to constitute to inquire into "Oil Fuel and Oil Engines for the Navy." They reminded him of his

own words that "oil was the very soul of future sea fighting," and played on his patriotism in the hope of bringing him over. It worked. "Though not intending to work again," said Fisher later on, "yet my consuming passion for oil and the oil engine made me accept the chairmanship."

The big man at the Admiralty at that time was Churchill, and the irrepressible fat boy of British politics was vigorously following out what he believed to be the right policy for Britain at sea. He had been instrumental in creating a "fast division" of battleships, enormous and ultra-modern floating forts which used oil. Churchill has told of the period in his own account of the pre-war and war phases in Great Britain, *The World Crisis*. "We could not get the power required to drive these ships at twenty-five knots except by the use of oil fuel." But Churchill was definitely no friend of the Royal Dutch-Shell; he had played a very big part in the creation of the Admiralty's own oil concern (we will go into this later), and he was alarmingly on the alert to prevent the Royal Dutch-Shell from getting too powerful in the Empire.

Churchill told Fisher pretty bluntly what he was to do, and what he had better keep his nose out of: "You have got to find the oil; to show how it can be stored cheaply; how it can be purchased regularly and cheaply in peace; and with absolute certainty in war. . . . But . . . your Royal Commission will be advisory and not executive. It will assemble facts and state conclusions. It cannot touch *policy* or action."

Deterding considers that Fisher did him a great honor in asking him, in 1913, to appear before the Commission and to give it the benefit of his advice and experience. The Government fully expected to draw some useful ideas from this extremely successful and influential oil man.

It was about this time that Fisher made his famous judgment on Deterding's character—that he was "Napoleonic in his audacity and Cromwellian in his thoroughness"—a judgment which has since been quoted with respect by authors, politicians, gossips, journalists and business men in France, Germany, America, Russia and Great Britain. The Paris publicist, M. R.

Mennevée, recently recorded the extraordinary wide currency which this summing-up has gained, and pointed out, correctly, that its phrasing was hardly in the style in which the very colloquially spoken Fisher usually expressed himself. He asks where, if anywhere, Fisher actually did say this. Obviously M. Mennevée had begun to doubt the phrase's authenticity.

On March 3rd, 1913, Fisher submitted a memorandum to the Government entitled "Oil and Its Fighting Attributes," in which he begged his superiors to make good use of the talents and assets of his friend. He wrote:

"Mr. Deterding, in his evidence before the Royal Commission, confesses that he possesses in Roumania, in Russia, in California, in Trinidad, in the Dutch Indies, and shortly in Mexico, the controlling interest in oil. The Anglo-Persian Company also says he is getting Mesopotamia and squeezing Persia, which are practically untouched areas of immense size reeking with oil. Without doubt Mr. Deterding is Napoleonic in his audacity and Cromwellian in his thoroughness. Sir Thomas Browning says in his evidence that the Royal Dutch-Shell combination is more powerful and aggressive than ever was the great Standard Oil Trust of America.

"Let us therefore listen with deep attention to the words of a man who has the sole executive control of the most powerful organization on earth for the production of a source of power which almost doubles the power of our Navy whilst our potential enemies remain normal in strength of their fleets. What does he advise?

"He says: 'Oil is the most extraordinary article in the commercial world, and the only thing that hampers its sale is its production. . . . There is no other article in the world where you can get the consumption as long as you make the production. In the case of oil make the production first and the consumption will come. There is no need to look after the consumption, and as a seller you need not make forward contracts, as the oil sells itself. Only what you want is an enormously long, long purse to be able to snap your fingers at everybody, and if people do not want to buy it today to be able to say to them: "All right;

I will spend a million sterling in making reservoirs, and then in the future you will have to pay so much more.'"

All of which is of striking interest, in view of Deterding's repeated statements elsewhere and at other times that he had advocated and arranged for restriction of production. And yet here he admits that there is a demand for a larger supply than exists. This admission that he creates a scarcity in order to get his own price from the consumer is exactly what his critics believed him to do but hardly expect him to confess. The orthodox capitalist arguments in favor of giving rein to the big operators as the only men who can develop an industry at the requisite speed fall ludicrously to the ground in the face of such an admission on the part of one of the most influential modern large-scale capitalists.

Fisher, however, thought Deterding was a grand guy, a really brilliant economist and strategist. Admittedly Fisher saw only one side, and one very specialized side, of the whole affair. He knew nothing of the technicalities of the oil industry, and less of the economics of that or any other industry. He was a sailor and a patriot and a naval strategist. The thing was simple enough; after all, to Fisher what was simple was good. Had he not said so? And here was a man who shared his blunt, sweeping, comprehensively radical ideas not only on fuel for the Navy, but on such less strictly material topics as the desirability of simplification in the exchange of ideas. Fisher knew little enough about the necessary details of oil supply to suppose that "an immense sure oil area" existed there and then in Canada, and that Trinidad could supply all the requirements of the British Navy. One simple slogan expressed his essential ideals: "Build reservoirs and store oil."

He got right down to it in his slashing conclusion to the memorandum:

"The British Empire has the long purse; build reservoirs and store oil. Keep on building reservoirs and buy oil at favorable rates when they offer."

We are assured by apologists far from hostile to Henri Deterding and the policies which he favored that Fisher, not

particularly acute as a rule in commercial matters, would almost certainly, had he been allowed to have his own way, have been acute enough to get the oil necessary "at favorable rates" in this way: after putting the Navy entirely on an oil-burning basis, and after creating the necessary ample storage facilities, he would then be *very* smart and set the three available private concerns, the Standard, the Royal Dutch-Shell and the newly established Anglo-Persian Oil Company, to bidding against one another for the Admiralty orders. This would be "a sound commercial policy." Very nice, too— if only the concerns mentioned *would* bid against each other. But would they? We have just followed in some detail the attempts of the head of one of these concerns to persuade every possible competitor in the oil business never, under any circumstances, to bid against another operator in the same industry. No point in that; no real profits. He had a much cleverer idea. The same post-war apologist for the Royal Dutch-Shell—writing, of course, to convince the British Government that it was still not too late to throw open the supply of oil for the Navy by getting out of the Anglo-Persian—remarks amazingly that at this very time, the "Royal Dutch-Shell . . . waged a deadly war of competition wherever and whenever possible."

Deterding's bid to become, as almost certainly he would have become had the matter been left "open" as Fisher wanted it, the sole supplier of oil for the British Navy, was balked.

How did this happen? It happened because there were men in London determined to prevent the men in control of the Royal Dutch-Shell from elbowing themselves into strategically potent positions in the control of Imperial policy. We must now turn back to the story of the Anglo-Persian Oil Company.

Since very early in the century a batch of tenacious Scots, notably John T. Cargill, had been at work in Burmah trying to make a success of some quite promising oilfields there. The nucleus of an oil company of some size and right outside the Deterding-Samuel circle had come into existence.

At the same time as these Scots were hanging on, determined to make something of a job which promised very badly for

many years, an extraordinary personality by the name of William Knox D'Arcy was rooting around Persia, searching the deserts and rocky bleaknesses of the south for oil. D'Arcy, an elderly fellow who has variously been described as an Australian, a Canadian and an Englishman, came—as befits one who has been labeled the last of the great English adventurers—from Devon. He had already made a fortune out of the gold of Queensland's Mount Morgan. He was now determined to get the Shah to give him the sole rights to Persia's oil. He knew there was oil there; so did several other people, but he alone had taken the trouble to hang on and to make the acquaintance of the current Shah. At an extremely remote and unencouraging spot known as Qasr-i-Shirin he had found some oil, but not, he thought, in a place or in sufficient quantities to suggest it would be commercially worth while.

He was just about to chuck it—he was old, remember, and not by any means penniless—when he met another prospector, on the same job, who told him there was "a field of oil" in the Bakhtiari Hills. The tribesmen of the Bakhtiari region were famous far beyond Persia for their savagery and lack of politeness to prospectors, but D'Arcy's teeth had got the bit firmly clenched now.

In May, 1901, he got from the Shah that now world-famous concession giving him for the sum of five thousand pounds—and a royalty to vary according to the net profits of the company he was going to form—the exclusive right for sixty years to drill for, to produce, transport and sell all the oil and oil products he could manage to extract from five hundred thousand square miles of Persian territory. In fact, this concession covered all Persia except the Five Provinces of the North, those five provinces which geographically belonged to the Caspian countries, Ghilan, Azerbaijan, Mazanderan, Astrabad and Khorassan.

This was certainly one of the most amazing scoops in the history of the oil industry or any other important industry. By 1901 the value of oil was no new idea, and rumors and legends

reaching back to medieval and even Biblical times gave Persia enormous oil resources.

But D'Arcy got it. Two years later a company with capital of £600,000, the First Exploitation Company, was formed. The company had a modest enough purpose; it would endeavor to get the oil up from one square mile only in the Maidun-i-Naftun region. The Bakhtiaris had to be reckoned with, and the step taken was quite a shrewd one. The local khans were given a holding of 3 percent in the company, and thus encouraged to use their own influence to prevent trouble.

For some time after this the D'Arcy Concession disappears into a cloud of rumor and mysterious maneuvers. It is fairly well known that many financiers and financial groups might have secured control of it during the years 1903-1906 had they had sufficient courage and capital.

Fisher became First Sea Lord in 1904, and he was as noisy and as emphatic as ever in his conviction that oil was the one and only thing that could save Britain from naval defeat and probably conquest by Germany. He insisted on creating a committee which should look very thoroughly into the question of how Britain could get adequate supplies of this oil. In charge of it was E. G. Pretyman, a gentleman who remained an extremely important behind-the-scenes official right up to the outbreak of the war and even after its ending.

The men on this committee were Sir Gordon Miller, Sir Frederick Black, a Mr. Jenkins, Mr. Pretyman and the technician and consultant, Sir Boverton Redwood, who has already figured in this book as an advocate of greatly increased British investment in Baku. It appears that it was their efforts alone which prevented the D'Arcy concession from passing into "foreign hands"; so, at any rate, Mr. Pretyman, who was given to mild and not-so-mild jingoistic bragging, subsequently stated, though he did not go into detail.

What did happen, however, was that the D'Arcy concession was taken up by the "all-British" Burmah Oil Company and held by them for a year or two until, in 1909, an entirely new company labeled the Anglo-Persian Oil Company, was formed.

Some shrewd imperialist maneuvers were afoot. The exact thoughts in the minds of some of the leading figures in the events making up the oil history of this very important period are still a mystery, and will remain so.

In 1906 a Liberal Government which had just come into power began to throw its weight about in some of the more truculent and refractory Whitehall departments. Many of the variegated committees run by the Admiralty were dissolved, and among them the one on which Mr. Pretyman and his colleagues had been serving. Gradually Churchill began to make his own dominant and domineering personality the big force at the Admiralty. He had his own ideas as to how the Navy should be run, how it should be fueled, how the Empire, Europe and the world should be governed.

The dramatic visit to Naples brought back Fisher, but he worked within the strictly limited orbit outlined by Churchill. Policy could be left to the brilliant, tragi-comic, self-conscious "political figure," the man who, in Beverley Baxter's phrase, "regarded all world events as episodes in his life." Fisher could find out the technical needs, and use whomever he could.

We are asked to believe that Fisher would have recommended that the source of supply should be left open—open, in effect, to the two great capitalist combines then in existence: one, Standard, entirely foreign; the other, the Royal Dutch-Shell, associated with the Empire but not definitely of it. Churchill, that swelling, ambitious careerist, determined to make history as well as write it, took the matter up and decided without hesitation. The British Government stepped into the oil business. Churchill did not wait for advice from the Royal Commission. He acted.

"Simultaneously with the setting up of this Commission," he has since written, "we pursued our own Admiralty search for oil." The Anglo-Persian people were anxious to have the business the Government could offer, and it is now apparent that the schemes of Whitehall had detected some very definite advantages in having the British Navy secure its oil supplies from a company whose oilfields stood very near to India and to the

southern end of the Red Sea—in other words, very much on the lifeline of the Empire. It was no longer a secret that the extensive oil reserves of Persia were no more than a fraction of an immense oil-bearing belt winding its way right across the Near East, sweeping across Mesopotamia and other parts of the Turkish Empire, the Caucasus and further north, and possibly Afghanistan.

The Government began to discuss with the representatives of the infant Anglo-Persian concern the question of a very large forward contract for their products. Such a deal would have been a godsend for the company, giving it important official standing and prestige, and bringing in the money it needed so badly if it was to work the fields in a big way. Funds were being offered in divers ways, most insistent and subtle ways, by various outside financial interests, but by this time the Government, and particularly that dynamic fraction of it which was Winston Spencer Churchill, was on its toes to avoid any slip. The fuel oil produced by the Persian fields was of light gravity, and had definite advantages for the Navy.

The company asked for some payment in advance, and the Government, or rather Mr. Churchill, appointed a committee to go out to Persia and report precisely upon its resources. The chairman of this committee was Admiral Sir E. Slade; later he became a director of the Anglo-Persian Oil Company. Another of its members was a certain fuel authority, a quiet and self-possessed man in early middle age named John Cadman. Cadman was then Petroleum Adviser to the Colonial office and Professor of Mining at the University of Birmingham. The time was to come when, as head of a great semi-official oil combine working in the closest conjunction with Whitehall, Lord Cadman was to take his place in the very closest circle of Imperialist big-wigs. With them were two other geologists and a clever and persuasive Secretary, J. C. Clarke, later an important figure in the wartime Petroleum Executive Department.

They had a brisk but thoroughly exhaustive look round the Bakhtiari oilfields and were distinctly impressed. In their report were included these fateful words:

"The company cannot adequately develop this extensive concession without additional capital, and we understand that the question of H. M. Government affording financial support is under consideration. Should such a course be decided on, we are of opinion that it should be made a condition that the Government should have a voice in the direction of the Company's general policy."

In next to no time the tip was acted on. Critics were appalled, and have managed to remain appalled, or to feign it, ever since; but their horror and piously patriotic misgivings are often the less impressive in view of certain financial tie-ups possibly inspiring their remarks. "In the twinkling of an eye a national oil policy was hatched, the possible political consequences of which could never have been studied." Churchill would certainly deny the latter part of that. Not Trotsky himself is so skilled and verbose and willing an apologist for his own work as the exuberant descendant of the Duke of Marlborough. Writing of it later, he conceded that the principal credit for the plan should go to the Committee sent to Persia, but, and this is not without significance, "at the later financial stage the Governor of the Bank of England, afterwards Lord Cunliffe, and the Directors of the Anglo-Persian and Royal Burmah Oil Companies were most serviceable."

Driving the oil policy through as part of a general and comprehensive war plan in which his thwarted field marshal's mind no doubt took the subtlest pleasure, Churchill rose to his feet in the House of Commons on July 17th, 1913, to explain why he had done it:

"It is a twofold policy. There is an ultimate policy and there is an interim policy. Our ultimate policy is that the Admiralty should become the independent owner and producer of its own supplies of liquid fuel, first, by building up an oil reserve in this country sufficient to make us safe in war and able to override price fluctuations in peace; secondly, by acquiring the power to deal in crude oils as they come cheaply into the market. . . . This second aspect of our ultimate policy involves the Admiralty being able to refine, retort or distil crude oil of

various kinds, until it reaches the qualities required for naval use. This again leads us into having to dispose of the surplus products—another great problem—but I do not myself see why we should shrink, if necessary, from entering this field of state enterprise. We are already making our own cordite, which is a most complex and difficult operation . . . and I see no reason, nor do my advisers, why we should shrink from making this further extension of the vast and various businesses of the Admiralty. The third aspect of the ultimate policy is that we must become the owners, or at any rate the controllers at the source, or at least a proportion of the supply of natural oil which we require. On all these lines we are advancing rapidly. . . . The interim policy consists in making at once a series of forward contracts for about five years with a certain power of renewal, to secure a regular and an adequate supply during this immediately future period at reasonable and steady prices. . . . In framing the tableau, if I may use such an expression, of the contracts which have now been prepared, three governing principles have been observed; first, a wide geographical distribution to guard against local failure of supplies and to avoid any undue reliance on any particular source, so as to preserve as much elasticity in regard to each source as possible; secondly, to keep alive independent competitive sources of supply, so as to prevent the Admiralty from becoming dependent on any single combination; and thirdly, to draw our oil supply, so far as possible, from sources under British control or British influence, and along those sea or ocean routes which the Navy can most easily and most surely protect."

A long quotation, but one worth printing so fully because it shows what was on the mind of this extremely well-informed member of the shrewdest and most farsighted ruling class in the world. Churchill had thought of almost everything. Was he unduly suspicious of the Royal Dutch-Shell, that amiable and ready-made semi-British combine which was so ready to look after the whole job for him? Had not Sir Thomas Browning said that it was more powerful and aggressive than ever the Standard had been? Had not Fisher enthusiastically introduced

him to the Cromwellian and likewise Napoleonic Dutchman who "confessed" that he possessed the controlling interest in oil not only in most of the oil-bearing lands of the Old World but now in California, in the heart of the enemy's camp? Whether it was that he wanted to be the only Napoleon in England, Churchill evidently was not greatly taken by this over-willing man who had "the sole executive control of the most powerful organization on earth for the production of a source of power which almost doubles the power of our Navy." To him, perhaps, these were arguments not for giving him still more power but for acting quickly to prevent his growth.

Speaking once more before the Commons, this time in the tenser days of early 1914, Churchill confirmed that "for many years, the policy of the Foreign Office, of the Admiralty and of the Government of India has been to conserve independent English interests in the region of Persia, and, above all, to prevent this region falling under the control of the Shell or any other foreign or cosmopolitan company."

The British Navy was to rely, as far as Churchill and his associates could fix it, on its own oil. That was significant. And England was not leaving everything to Persia. In another even remoter part of the Near East, oil men were on the move.

VIII

PERSIA was sewed up, for the time being. Likewise Baku. But there were other potential sources. The Near East oozed oil through a thousand crevices, from the Urals in Central Russia down to Afghanistan and Egypt. And Abdul Hamid the Damned (the Damned Fool, as an English schoolmaster of his period chose to call him, and perhaps he was right—but only perhaps; Abdul had fun)—Abdul was not an altogether model ruler. Abdul was giving the Turkish Empire away. Not all at once, perhaps, but the general drift was quite clear. Anyone with a little ready cash could have anything Abdul had, and Abdul reckoned anything in Turkey was his. Anyone who argued was tortured by men who, whatever their faults, knew a thing or two about the remoter refinements of making a man talk, or shut up. Abdul liked women; he thought no two were alike. His idea of variety was not to do something different with the same woman, but to do the same thing with different women, even if it cost the whole of Turkey. He had a harem, and this harem needed constant replenishing. Abdul had many good friends among the business men and soldiers and concession-hunters and more mysterious visitors who constantly came and went from his lovely capital on the Golden Horn. But above all, the Germans. The Germans were very much interested in Constantinople, because, like greatly aspiring peoples before them, they knew that the power which controls Constantinople has its opportunity to conquer much else besides. From the Bosphorus great armies and navies might throw penetrating and paralyzing blows in many directions, with far-reaching effects on the balance of power. If Germany could hold Constantinople for ten years, she might, in fifty years, hold Cairo, Baghdad, Jerusalem, Basra,

and perhaps Moscow, Delhi and Calcutta. It was the gate to many empires, the key to the greatest of all imperial conquests. The words might be *Deutschland über alles;* the tune underlying it was the ripple of the waves of the Bosphorus beneath the Pera bridge. The clue was the *Drang nach Osten.*

Around Abdul thousands of Germans and friends of the swelling Germany of Kaiser Wilhelm were clustered, crop-headed, heel-clicking, bull-necked swaggerers. They were practically running his Empire for him. Francis McCullagh, who has written a wonderfully full and persuasive account of Abdul's colorful last days as Sultan, had no doubt about who was the most important man of those around the last Sultan. At the strange occasion in December, 1908, just before his flight, when Abdul opened Turkey's first Parliament, McCullagh saw the Sultan as "a tottering old man, bent, ashy-faced, weary and with a way of shuffling instead of walking which made him look ten years older than he really was. He wore his inseparable dark grey military overcoat edged with red and provided with heavy epaulettes, but both his overcoat and his fez seemed too large for him and very much out of place. In fact, Shylock's gabardine is the only dress that would suit Abdul Hamid to perfection." Those who have seen the horribly realistic drawings by the fiercely humanitarian French caricaturists of the period will realize that Michael and Steinlen and Jean Weber and the others were not greatly exaggerating, when they read on: ". . . he looked like some obscene and treacherous beast of prey that, after having hidden in the bowels of the earth for years, is finally trapped, caged and brought forth, blinking and reluctant, into the blessed sunlight, while, afar off, the people shudder at the Horror."

At this "supreme historical moment," the horrid old man for whose life prayers were offered up in thirty kingdoms, this deaf, warped, degenerate ruin, was surrounded by every conceivable flunkey, small and big official, sycophant, bureaucrat, time-server and back-scratcher his collapsing Empire could erupt —and that was plenty.

At the opening of Parliament, a massive man watched quizzi-

cally from a box until Ali Djevad Bey came aggressively to the point in his speech which culminated: "In despite of those who were of a contrary opinion, we proclaimed anew the Constitution and ordered new elections."

The big man must have smiled at this. He knew that changes were coming in Turkey. He liked this talk of Constitution, knowing that, for more than ninety percent of the variegated races inhabiting the Empire, the sole issue was whether a Constitution was something one wore or something one ate.

His idea, to which the carefully coordinated efforts of his elaborate team in Turkey were at all times directed, was that when the change came, Constitution or otherwise, Germany should become the effective power in Turkey. For the big man, "by far the most imposing figure in the diplomatic box," was Baron Marschall von Bieberstein, the German Ambassador, "whose influence throughout the Hamidian regime overshadowed those of all the other ambassadors put together. . . . This huge, ugly man instantly dominates every group which he joins."

German policy was centering round the simple, strong and disturbing project of the *Baghdadbahn*, the thrusting railway pointing fatefully towards the Persian Gulf and India. It was doubly fateful that on the road to India there should have been great deposits of that oil which was to decide the delicate problems of future power.

Abdul was always interested to hear that something had been discovered under the soil of some remote acre of his Empire, something that these weird Europeans wanted. They could pay for it. He had a certain astuteness; with experience, he had discovered that the Europeans would rise to quite high prices, particularly when kept guessing or shrewdly set bidding against one another. But Abdul got through the money in amazingly quick time. It has been estimated that during his crazy period of rule more than 30,000 women passed through his harem, and he was never satisfied. A third of his revenue was spent in augmenting this army of women, and a third of the state's revenue went to him—so rumor has it. When money was hard

to come by, he would call his Grand Vizier and, seizing him by the beard, swing him round, furiously demanding the cash the anxious functionary just *had not got*. This kind of thing made foreigners in search of concessions very welcome in Turkey. Turkey may have been "the Sick Man of Europe," but she showed a healthy gleam in her eye whenever the rustle of banknotes disturbed the sunny tranquillity of a Bosphorus morning. The Sultan himself was not above doing a spot of honest plain-dealing. He was "The King of Kings, the Shadow of God upon Earth, the unique Arbiter of the world's Destinies, the Master of the Two Continents and the Two Seas, the Sovereign of the East and the West"—but what he always yearned for was a little ready cash.

German technicians were sniffing around the "vilayet" of Mosul, in the southernmost parts of the Sultan's territory. Mosul was in the desert, far down where the famous rivers of Tigris and Euphrates were flowing past what once had been Assyria and Chaldea, the greatest kingdoms on earth. Today some thousands of fiercely primitive Kurds are all that remain of the haughty millions of Babylon and Nineveh.

The Germans were looking for oil, and near Mosul, at Kirkouk, they pronounced that there was oil, good oil; it was obviously nothing but a continuation of the enormous oilfield of which the other part was in Persian territory. And Germany wanted that oil. Her engineers reported back to Berlin that this stuff might be of incalculable value to the mighty industrialized Germany of the future. The steel men of the Ruhr, the great electrical combines of Emil Rathenau and Siemens-Schuckert, the chemical combines, all those galvanic German trading concerns which looked hungrily at the world, they might attain their objectives the more easily if Turkish oil was used to lubricate the machine. The *Drang nach Osten* now had a double purpose.

The Deutsche Bank, which took the lead in all the negotiations for German expansion in Europe and the Near East, duly noted these reports, but did its best to conceal from Abdul the real value of the oilfields. Abdul was smart. He knew that this

oil was worth something, because he had other men nosing around who had told him so. He decided to keep the different parties waiting. The Germans, however, contended that a concession of 1903 covering principally the Baghdad Railway project also included rights to any oil to be found around Mosul.

The Germans were not alone in the field. There was a certain American, a colorful and swashbuckling character named Rear-Admiral Colby Mitchell Chester. Chester had played a fairly prominent part in the recent Spanish-American war, and now he had taken on jobs more exciting even than war. The Turks had been busily massacring fairly considerable numbers of the citizens of their cosmopolitan empire who came from nearest the Russian frontier in the Caucasian region—the Armenians. The Armenians, as the authors of that terse book, *Foreigners*, have pointed out, "are always massacred." Dark-eyed, soulful-looking, hook-nosed, astute, the Armenians played much the same role in the Levantine countries as the Jews play in Western Europe. They excelled in business. Bullied and slaughtered in their native Armenia on religious or vaguely political grounds (most often just personal), they spread into the cities, opening shops, retailing goods of every description, lending money, studying the law. All over the Near East their little banks and hotels and agencies sprouted. The Jews and the Greeks grew accustomed to being bested by the Armenians. In Constantinople three hundred thousand out of a total population of a million were from Armenia, and an almost equally large proportion lived in Smyrna. Just as the Germans blamed everything that went wrong on their most convenient scapegoat, the Jews, so the Turks vented their envy and discontent on the ready-made whipping-boys of Armenia. Not much was done by Abdul to stop it; on the contrary, he reveled in it all, bloody insane sadist that he was, all the more so, it was said, because his own mother had been an Armenian, a woman of the harem.

These systematic mass slaughterings rapidly reduced the number of Armenians from somewhere about five million to about half that number. Europe protested at intervals and vast meetings were called together at which thoroughly worthy

sentiments of outraged humanitarian emotion were expressed. The Armenian massacres were as often as not, however, used to whip up mass hysteria to justify a government in a policy actually motivated almost entirely by political and commercial considerations. It was unfortunate for the Armenians that their immortal homeland should be located just at that point where the Turkish and Czarist Empires meet, at the base of the Caucasian isthmus. Not only were they near the oil of Baku, but their country had a steadily increasing political and strategic importance. The Armenians became an instrument in complex imperialistic wrangles. Financiers and demagogues, politicians and permanent officials five thousand miles away, made a decision or signed a paper; and innocent cringle-headed Armenian babies' stomachs were ripped open.

The Turks, in their enthusiasm to wipe out the decadent and soft Armenian (unlike the Turk, he was "no gentleman"), occasionally destroyed the property of aliens within the Empire. That was how Colby Chester got to Turkey; that, at any rate, was the pretext. He came to arrange for compensation. While he was in Constantinople, Chester heard of the seepages and wells of Kirkouk, of Hammam Ali, of Tous Khourmati, Kefri, Kasr-i-Chirin, and Baba-Gourgour. Returning to Washington, he was given various jobs which took him to Geneva, to London and St. Petersburg and finally back to the Near East. This time, he was at the head of a mission sponsored jointly by the U. S. Department of State, the New York Chamber of Commerce, the New York Board of Trade and the American Transportation Association.

Abdul thought a man with credentials like Chester's might be extremely amicable and cooperative. They soon got together in the discussion of subjects of mutual interest. Already a good deal of American capital had been sunk in Abdul's Turkey, and the investors were not satisfied that their money looked safe. The state was hopelessly bankrupt. A United States cruiser lay on the Bosphorus, a grey reminder that Washington was in on this, too. The Almighty Dollar was not in the mood to stand any nonsense from Abdul Hamid or anyone else.

Chester fairly quickly came round to the point. There was some land way down by Mosul he might be prepared to pay a little money for. Not that it amounted to much, but they'd take a chance. And how about it?

Abdul's restless, hungry eyes twitched hysterically, and his rather obvious "oriental cunning" took things over. He transferred the legal ownership of the land at Mosul to his personal estate, considering that this corner of his dispersed territories, for which the accursed foreigner was willing to hand out not inconsiderable baksheesh, was undoubtedly worthy of the attention of the Anointed of Allah. Chester was promised much; not only did oil come into it, but he was to be given colossally comprehensive concessions allowing the firms he acted for to construct railways, bridges, towns and to mine for much besides petroleum. Armenia was considered a possible oil region, and Mesopotamia was thrown in. But Abdul still didn't regard the matter as finally settled. Sure enough, another prospector arrived on the scene in 1908, and this time it was that energetic fellow William Knox D'Arcy. Abdul was by this time a little sore with the Germans, and, so far as one can glean the truth about the processes of what he used for a mind, he intended to cancel their claims to the Mosul and Baghdad oilfields. D'Arcy was representing the D'Arcy Exploration Company, which was now the subsidiary of the governmental Anglo-Persian Oil Company which specialized in prospecting and general snifftering around. D'Arcy and his friends made another thorough search, but they did not hasten to get the Sultan to ratify any concessions they were after. For one thing, they had the sense to realize that the old ruin wouldn't abide by anything he had signed a moment after it ceased to seem profitable. For another thing, they had excellent reason to believe that Abdul hadn't much longer to go. They were quite right in both these guesses. In 1909 Abdul cleared out, finally reaching Switzerland with a depleted harem—though there were two young ones he liked "very tenderly"—a complete fretwork outfit, a few eunuchs and a very bad temper. According to Alexander Powell, who knew the period and the place as few Westerners did, "Enver

and his colleagues [in the Young Turkish Government which succeeded the Sultanate] of the Committee of Union and Progress proved to be reactionaries of the worst type, who, though they had overthrown Abdul Hamid, perpetuated the Hamidian regime under another name. Enver, shrewd, callous, utterly unscrupulous, was from the very beginning determined on the complete Turkification of Turkey as the first step in his ambitious scheme for founding a great Pan-Turanian Empire which should include all the Moslem lands lying between the Mediterranean and the western frontiers of China." Big ideas; but they had been worked out on a fallacious basis, on the assumption that England and France and Germany would stand by and watch. The time for Pan-Islamic schemes of unification was not yet.

Chester was the quickest to jump in and get himself put right with the new, "progressive, enlightened" rulers of Turkey. Very soon he had had his concession renewed, although there was still some slight uncertainty as to its absolute ratification; and this uncertainty proved the Admiral's undoing. More experienced students of the oriental mind were now on the job. England had learnt the trick of getting the right man to deal with difficult aliens; England believed in setting thieves to catch thieves, provided the theft was always perpetrated in the holiest of causes. The holiest of causes, it went without saying, was the solidification and extension of the power of the Empire, most particularly those regions played across her most vital lifelines. The art of government was exercised with loving care upon the excitable, disunited, easily distracted followers of the Prophet. Trim, neat, lean and well fortified with expert knowledge and the even more useful money-bags, the agents of Whitehall were politely edging their way into the confidence of the rulers of the Levant.

Exactly what happened after that has remained something of a mystery. There is little doubt that the maneuvers for this reputed oilfield—experts were still laughing at it and offering to drink every drop of oil pumped from it—had a great part in making the Great War inevitable and in conditioning much

of its form in the campaigns of the Near East. It became more and more clear as the intrigues in Constantinople wore on that in the final show-down it would be brute force that decided the day.

But some extremely important personalities in the complex struggle for oil first appear more or less publicly at this stage. And one of them is a man more intimately concerned with the career of Henri Deterding than any other man alive or dead, an individual who, still almost entirely unknown even to the supposedly well-informed, has been described as the most genuine specimen extant of the "Mystery Man" of finance and secret politics. In the story of Deterding he has played a role of the utmost importance—just how important only a handful of people know; and they won't talk. The most melodramatic and eyebrow-raising interpretations have been placed upon his career and its involved entwinings with that of the Dutchman.

His name is Calouste Sarkis Gulbenkian, and he is an Armenian. Next to Deterding himself, he is the most important individual character in the cast of this book. Here, for the first time in English, a comprehensive and intelligible account is given of his origins, youth, career, influence and present way of life.

M. Gulbenkian is a resident of Paris. He will be seventy years old on March 1st, 1939. March 1st is St. David's Day; had he been born in Wales Gulbenkian would most certainly have been called David. But instead he was born to the Welsh of the Orient—the Armenians. It was ironical that this remarkable power in international affairs should have been a native of so small, so oppressed, so remote a country. It was not surprising that he should have chosen to remain so obscure and reticent that even today in London, capital of an Empire which he has done more than all but two or three to make apparently secure, the biggest newspapers and picture agencies know almost nothing of him and cannot lay hands on a portrait. It was characteristic of this fantastic figure from some improbable thriller that he should contrive to conceal fabulous financial, economic and political power behind the grotesque façade of a

company labeled "Participations and Investments, Ltd.," and that his right-hand men should be to this day one and all Armenians like himself, swarthy gentlemen basking in the gloriously exotic names of Kevork Loris Essayan, Avetoon Pesak Hacobian and his own dutiful—well, fairly dutiful—son, Nubar Gulbenkian.

M. Gulbenkian, though a British subject, has lived in Paris for some time; he fully expects to stay there, although the accession of the Popular Front to power in 1936 alarmed him sufficiently to drive him to an action unprecedented for him. It was well known that M. Gulbenkian had invested much of the huge fortune he made from his judicious and important speculations in oil, in purchasing valuable Persian carpets—of which he is one of the world's leading judges—and in bringing together a collection of Old Masters, once valued at £2,000,000, which has been described as the first in any private hands. In 1932 M. Gulbenkian left for good his famous London home in Hyde Park Gardens where for years many of these pictures had lain almost unseen; only a tiny circle of friends ever glimpsed the glorious Rembrandts, Rubens and Gainsboroughs there. But in 1936 the elderly Armenian was a little perturbed at the businesslike talk and actions of some of the Socialist and Communist politicians of Paris. He knew what the Bolsheviks had done to the excellent private collections of Moscow and St. Petersburg. Why, they had argued that since pictures were painted to be seen, and since great artists loved the people, then the greatest works of art should be available for all to see, for the masses to contemplate as well as the esthetes and the rubbernecks. They had simply taken those collections and thrown them open to the ordinary people of Russia. Now Gulbenkian got in touch with Kenneth Clark, the alert young Director of London's National Gallery, widely used by Londoners as a shelter from rain, and announced that "owing to the uncertainty of affairs" in France, London might have a loan of many of his greatest treasures if Mr. Clark would like them.

With such things does the illustrious "Talleyrand of Oil" now concern himself. The greatest freelance speculator, the most

daring adventurer, the most mysterious diplomat the oil industry has known has really begun to take it easy at last.

You may see M. Gulbenkian quite often at his usual corner table at the Ritz Grill in the Place Vendôme. He has been driven there from his magnificent cream-colored mansion in the Avenue D'Iéna, not half a mile from the Undying Flame under the Arc de Triomphe. Short and stocky, bald, his eyes are of the kind often glibly labeled hypnotic, his eyebrows truly magnificent in their rich, sprouting profusion. His shoes may be a little dandified, and he may even carry a little Pekinese dog. If you listen carefully, you may hear him converse with excellent accent in French, English, Italian, German or Persian. If it's none of those, it's probably Armenian—but you wouldn't know anyway.

This is the man whom the *Daily Mail* did not hesitate to label "the prime mystery man of finance," bowing in solemn awe before the "colossal scale" of his City operations. This is the man whom a writer whose knowledge of the inside movements of European affairs is unequaled roundly called "the most mysterious man of our epoch." This is the man who played by far the most important part behind the scenes in building the magnificent and soundly founded edifice of the Royal Dutch-Shell trust.

This is the story of the career of the "Talleyrand of Oil." He was born in Constantinople—not, as a reputable English newspaper reports, at Liverpool or, as a writer on oil has said, at the Armenian city of Erzerum. He was the eldest son of a fairly well-to-do business man, an importer and agent named Sarkis Gulbenkian. The elder Gulbenkian had established the business, with a brother, round about 1850. He was successful enough to pay for his sons to learn all the things that spectacular success in affairs demanded. Constantinople was quite good; there one grew old in experience while still a child in years; one became cynical, shrewd, wise and adept in tongues. One learnt to gauge human nature. But old Gulbenkian wanted his sons to make good contacts, to see the great trade centers and crossroads of Western Europe; he knew that in that direction

lay real knowledge and the power it brought. Calouste was sent west while still in his late teens. He saw Paris, and he saw London and Liverpool, and grew wiser daily. His father died, and the young Gulbenkian became the head of the business, transferring it to London. A branch was maintained at Constantinople, and his brother Karnig was made its manager. One account of the activities of the Gulbenkians in this early period suggests that Calouste was extremely selfish and ambitious, and that his greed and unwillingness to assist led to the collapse of the fraternal business in Turkey and to the ruin of his two brothers, Karnig and Vahan, the latter of whom had invested his inheritance with Karnig. The Armenians are brought up in an atmosphere of excessive, almost fanatical, family piety and national solidarity, and to do such a thing would be, to Armenian eyes, shocking and hard-hearted in the extreme.

Already Gulbenkian was interested in oil. At Constantinople one heard of most things capable of making money in the Near East, and the wonders of Baku were an old, old story. Since a time earlier than his own birth, the Gulbenkian firm had handled oil, acting at times as a distributing agent for Standard Oil in Turkey. Later they had built up an association with the flourishing Baku firm owned by Léon Mantacheff, himself an Armenian whose original name had been Mantaschian. Mantacheff, one of the most colorful figures in the whole multi-colored epic of oil, was an illiterate but astute native of the Caucasus who suddenly found himself enormously rich owing mainly to the vicissitudes of chance. Mantacheff became Russia's most famous gambler, an owner of racehorses, a fancier of beautiful women, the giver of fabulous banquets and parties, the possessor of magnificent paintings. He grew prodigiously fat.

When the Revolution came Mantacheff ran for it. He sent his horses to Odessa, hoping to God they'd somehow find their way to Paris. He himself managed to smuggle a few of his finest paintings out, as well as some not so fine, and in time got to Warsaw, frightened, puzzled and very nearly broke. There, to his frantic delight, he ran into a tiny American Negro jockey

named Winkfield. Winkfield had ridden for years, with great success, for Mantacheff at St. Petersburg. It was Winkfield's money that got Mantacheff to Paris. But Mantacheff, though not a rich man now, still had a rich man's tastes. In common with several other Baku capitalists, he found a purchaser for the rights to his properties—as we shall see later on. Gradually his expensive tastes ran away with his money. He continued to race, and continued to employ Winkfield. One by one he sold his pictures, until at last he came down to the much-traveled and more-ridiculed "September Morn." He found a purchaser; his name was C. S. Gulbenkian, now just about the richest man in Paris.

Visiting Baku, Gulbenkian saw and smelt the fields of oil, and sensed the power they could give a man with sense, vision, enterprise and the right connections. He saw no reason why that man should not be himself. He had seen some remarkable technical demonstrations of the use of petroleum at the Paris Exposition Universelle of 1889. His first sponsors at Baku were the firm of Zovianoff, then the house of Nobel. In May, 1891, Gulbenkian, still only twenty-two years old, contributed an article to the *Revue des Deux Mondes*, of Paris, in which he showed an astonishing knowledge and prevision. Above all, he appealed to the French to get wise to what was going on and to get into oil as smartly as they could, lest they find themselves badly beaten to it by rivals who would show no mercy once they held all the cards in their hands. He assured French readers that everything was on their side. He pointed out that the McKinley Tariff in America was simply having the effect of driving European Governments to retaliatory measures, and this would inevitably mean discrimination against American oil products, with the result that all Europe would be thrown open to Baku's oil. He explained the immensity of Russia's oil resources. He pointed out the variegated uses of oil and its derivatives, and the priceless openings for French technicians. He said the excellent state of Franco-Russian relations was a glorious opportunity.

Gulbenkian saw far; too far for French capitalists. They

were not interested. The whole thing seemed much too remote, too speculative for them. They ignored his advice. After all, who was he? A smart and energetic young man, apparently, a slick linguist, a Levantine with connections here and there. But France and French financiers, cautious as usual, held back.

Ten years later things had changed completely. M. Gulbenkian's career had taken some rapid bounds forward, but it had moved into the shade, too. From the day when as a young man he first became a figure not without influence in international relations, C. S. Gulbenkian has contrived with an extraordinary degree of success to keep himself, his personality as well as his precise connections, affiliations and objectives, almost completely unknown to the man in the street. Somewhere about this time he chose a different road to power through oil. He switched his favor from France to Britain.

In 1902 Gulbenkian applied for and acquired British nationality, a status he has never since relinquished although he has ceased to live in England and has said he does not expect to return. By that time, he had become a valuable agent of Britain in her fairly well concerted efforts to lay her hands on Russian oil. When the Rothschilds were competing with the cumbrous Mantacheff, Gulbenkian is believed to have been instrumental in bringing them together. His contacts with the Rothschilds, it is thought, led to his making the acquaintance of some members of the inner circle who directed British national activity in the light of her "Permanent Interests," which have their ring of agents who carry on a policy almost completely unaffected by changes of government in the so-called democracy of Great Britain. For a very long time after that M. Gulbenkian flitted in and out of the picture of oil. A diplomat entrusted with jobs of vital and far-reaching importance, he very quickly reaped the harvest of his astuteness, enterprise and prevision, and in a way still not quite clear to the uninitiated observer, he built up in a short time one of the biggest fortunes in Europe. Soon after the Royal Dutch-Shell mergers had been completed in 1907, it was reported that Gulbenkian was the largest single shareholder in the trust, and during the war the intimate corre-

spondence between Isvolsky, Czarist Ambassador at Paris, and Sazonoff, Russian Foreign Minister, put the value of his estate at £25,000,000.

From the time when, before Old Man Kessler's death, the Armenian and Henri Deterding were brought into contact, right up until a famous rupture which took place in 1926, the two oil men worked in pretty close collaboration, and it is a commonplace among diplomats and higher-ups in the oil industry that many of Deterding's greatest triumphs might more justly be credited to the Armenian. French writers, innately and incurably suspicious of the—to them—ubiquitous and all but omnipotent British Intelligence Service, have decided that Gulbenkian became an agent of this "Unknown Power," an agent whose specific task was to direct the activities, the growth and general direction of the Royal Dutch-Shell, to see that, whatever Deterding might want to do, in every critical issue the "Permanent Interests" of the City and the Admiralty were served. The truth is that, although Gulbenkian has frequently had the confidence of many of the greatest of the great in England and has known at least his share of British State secrets, he has always been and remains a colorful, resourceful and inimitable freelance operator. C. S. Gulbenkian worked, above all, for C. S. Gulbenkian; and he did a good job.

The first contact between Deterding and Gulbenkian came at that time, just before Kessler's sudden death, when the Telega-Said wells in Sumatra unexpectedly ran dry and the Royal Dutch had to get more oil, and quickly, to meet its orders in the Eastern markets. It was the Mantacheff firm that made up the deficiency, and it was Gulbenkian who played some part in adjusting the deal.

Throughout the negotiations leading to the tie-up between Deterding's various Dutch interests and the Rothschild and Samuel-Shell companies, culminating in 1907, Gulbenkian played an important part behind the scenes and succeeded in digging himself well into the oil business. Already he was recognized as a man uniquely well equipped to deal with his

fellow Levantines. It is clear that British interests decided to give him a chance to rope Mosul into their circle.

Gulbenkian's task was to see to it, when the Mosul fields began to gush oil—even if it was not until after the conclusion of the war that was obviously coming up—that this oil was wholly or principally Britain's, if possible Deterding's. To do this he would have to oust German, French and American competitors, apart from any natives.

Britain's influence in Turkey centered originally around the Imperial Ottoman Bank, which had been founded, however, by French and British capital in equal parts. Moreover, with the revolution in Constantinople and the accession to power of the leaders of the Young Turk movement, French influence in the bank began to increase. Many of the new political big shots in Turkey had learned their stuff in the cafés and colleges of Paris. Their cultural ties with France were strong.

England set about nullifying and heading off this growing French influence. One of the most remarkable financiers of the age, Sir Ernest Cassel, arrived in Turkey to fix things up. Cassel was born in Frankfort, but there was no man in all England with so much influence over King Edward VII as this astute and widely experienced Jew. Anti-Semites still swear that Cassel was an agent of International Jewry diabolically plotting England's ruin; germanophobes are convinced that throughout his career, even when he was working the exchanges in some famous wartime deals, he was really the tool of Germany, plumb in the center of England's camp. Aristide Briand thought so. Others think he was the directing hand of British financial policy.

Cassel set about increasing British influence in Turkey. He created the National Bank of Turkey, which, outwardly a native enterprise, was in fact under the control of six directors resident in London, of whom Sir H. Babington Smith was the chief. Later on Sir Edward Grey, British Foreign Minister, admitted that this bank "represented British financial interests of a permanent character." There was little doubt that the new bank, which in spite of its official-sounding title had no status

other than an ordinary commercial bank, had been set up to undermine the influence of the increasingly pro-French Imperial Ottoman Bank.

Djavid Bey, whose reward for a prominent part in the revolutionary activity leading to Abdul Hamid's flight was the office of Foreign Minister, now appointed M. Gulbenkian financial adviser to the Turkish Embassy in London. For various reasons Sir Ernest Cassel was not liked by the Young Turkish government, and his influence in the National Bank of Turkey waned. This, however, was less serious for Britain and for British oil interests inasmuch as Gulbenkian, too, held a directorship.

The financial and political sidesteppings and elbowings and exchanges of dirty looks at this period were simply phenomenal. Innumerable small banks and financial concerns cropped up, some of them French, some German, some British. In some of the "French" companies the influence of Cassel proved to be predominant. Likewise Gulbenkian's counsel began to count for more and more in the National Bank of Turkey, and—as French diplomats in Turkey bitterly informed their superiors in Paris—it was undoubtedly on the advice of M. Gulbenkian, in his capacity as adviser to the Embassy at London, that the Young Turks gave more and more of the privileges formerly held by the Imperial Ottoman Bank to the National Bank of Turkey. The French were sore about it.

After some discreet struggles for various concessions, engineering and constructional projects and so on, a sort of truce was made, with the result that British influence in the original Imperial Ottoman Bank increased once more. The Balkan Wars, however, lessened the amount of business to be done. There was a slump in Turkish business. The directors of the National Bank of Turkey came to the gloomy conclusion that, for the moment, the only egg in their basket was the oil of Mosul.

About this time, 1912, the Turkish Petroleum Company was formed. The Germans had a finger in the pie. They had not had particularly good fortune in oil so far, either in Turkey or anywhere else, and their early efforts to nail Abdul down had

not borne fruit. Critics subsequently saw this latest move, in collaboration with influential British groups, as "a much more subtle scheme." The chances of getting the original 1904 concession to the Deutsche Bank now seemed much brighter.

Three groups were now after that oil—the Deutsche Bank; the D'Arcy group (Anglo-Persian); and the Royal Dutch-Shell (leaving out Admiral Chester, who did not join in this little game, although later on claims were made once more on his behalf). A mysterious enterprise labeled African and Eastern Concessions Limited had suddenly sprouted up in 1910 under the wings of Sir Ernest Cassel and Gulbenkian. Its capital was only £50,000, but Sir Henry Babington Smith, of the National Bank of Turkey, and the Deutsche Bank were both concerned.

Of the negotiations which followed, M. Ernest Mercier, a very big man in the French oil world, and the head of the French group which much later on was to wangle a share in the Mosul oilfields, has subsequently said: "In view of the importance of the groups involved, it became more obvious each day that the wisest policy was to bring about the fusion of the antagonistic interests. It is to M. Gulbenkian and to Sir Ernest Cassel that the honor belongs of having gradually brought about this fusion."

In 1912, the African and Eastern Concessions Limited gracefully metamorphosed into the German-labeled Turkish Petroleum Gesellschaft. It is to be hoped that Germany was appropriately thrilled at seeing the company which was to exploit Mesopotamia's petroleum named in German. Its delight may have blinded the Deutsche Bank to what exactly was going on.

The shares in the new company were distributed as follows: 50 percent to the National Bank of Turkey, 25 percent to the Deutsche Bank, 25 percent to the Anglo-Saxon Petroleum Company (Royal Dutch-Shell). The Germans were apparently under the impression that that "National" bank really *was* a Turkish affair, not just another stooge for England.

At this time a frontier dispute between Persia and Turkey

was settled in such a way as to give a narrow slice of former Persian territory (covered by the D'Arcy concession given by the Shah in 1901) to Turkey. This justified England in bringing a good deal of diplomatic pressure on Turkey. The D'Arcy Concession was recognized by Turkey, but this was not enough. What Britain wanted was that the D'Arcy company should get a cut in the new Turkish Petroleum Company.

Gulbenkian was on excellent terms with various prominent Young Turk politicians. He knew how to get what he wanted. He disappeared from view for a long time, but he was quite busy in the interval. An official account of the situation at this juncture says: "The rival groups of claimants each apparently had strength enough to prevent their opponents from securing the coveted concession, but not sufficient to obtain it for themselves. The whole affair was involved in intricacies of finance and diplomacy."

But by the time Gulbenkian had finished, the Turkish Petroleum Company was a completely different proposition. The 50 percent given to the National Bank of Turkey, or most of it, was now the property of the D'Arcy group. In other words, three-quarters of the oil of Mosul was to go, after all, to British or semi-British groups. Certainly Gulbenkian had done a slick thing. For it, he was given a 5 percent holding in the company. The rest, now, was held thus: a half by the D'Arcy group, and a quarter each by the Anglo-Saxon and Deutsche Bank groups. This was fixed up on March 19th, 1914. The German holding in Mosul's oil was now as small as her holding in that of other sources she had striven to get.

Gulbenkian had served London and Deterding well. When the final agreement was signed in London, by Sir Edward Crowe and the Baron von Kuhlmann, Deterding was present as the representative of the Anglo-Saxon group. Now at any rate the two Governments, German and British, were allied, and they pressed the Turks to sanction the concession. This was done formally. At the end of June, the Grand Vizier gave a written undertaking to the British and German Ambassadors, leasing

the oilfields of the vilayets of Baghdad and Mosul to the Turkish Petroleum Company.

Things had at last come to a head. Then war broke out. And then the fight for Mosul's oil entered a different plane.

IX

EUROPE went to war. It was not a war fought because the oilmen wanted a war. But oil was heavily involved. The imperialisms which clashed were fighting for many things besides oil. The steady inevitable trustification of heavy industries had created units which, in their next stage, could and did swing governments into line with their policies.

Did the Allies win the war because their supplies of oil were greater and surer than those of the Central Powers? It has been said by many that this was the case. Clemenceau's famous appeal to Wilson has been quoted. Presidents Wilson, Harding and Coolidge can be roped in to testify to the vital importance of oil supplies in determining the distribution of effective power. The memoirs of Churchill, Fisher, Ludendorff and many others suggest that many of the great campaigns and crises of the war were the outward manifestations of the secret anxieties and maneuvers of the combatants, their efforts to ensure adequate petroleum.

Deterding played an extremely important role in the World War. He was involved in Britain's destinies. He was in many ways a citizen of the Empire, although he certainly did not become a British subject during the war. His interests had tied him irretrievably to Britain and the concentric circles of her various and immense commercial interests. Any war fought by Britain had to be the war of the head of the Asiatic Petroleum Company. Not that Deterding disliked Germany. Germany has almost always contrived to run her affairs on lines approved by the oil Napoleon. The skill with which German vested interests contrived to maintain the essential shape of its social organization during the so-called Revolution of 1919 could

not but arouse the admiration of this extreme reactionary. But unfortunately for Deterding, Germany in 1914 was bluntly hurling her concerted might against Britain, and he had to take sides.

Holland tried to remain neutral. The Dutch did not want to have their territory overrun by yelling, yapping Hunnish military machines. The Dutch were out after their usual gods, business, comfort, security and profits. As a nation, they made a remarkably successful effort throughout the whole course of the war to keep up the façade of complete indifference to the issues. All their newspapers, with one notable exception, kept up the cry in due obeisance to the solid phalanx of Dutch big and not-so-big business, which was doing gloriously out of the war. For four years the Dutch industrialists and middle classes, willy-nilly, preserved their status as merchants, or at least middlemen, of death. The one newspaper to sing out of tune was the Amsterdam *De Telegraaf*, which consistently advocated the Allied cause, publishing the famous atrocity cartoons of the German-blooded Louis Raemaekers, subsequently splashed over Britain, France and America thanks to the repulsively efficient hate propaganda of Alfred Harmsworth, Lord Northcliffe.

Deterding was "in" the war. If Germany won, the British Empire would undergo startling and brutal modifications. The vast trading network skilfully laid out over much of Europe and most of Asia under the imperial patronage would be alarmingly contracted, reorganized, even shattered. The plans into the realization of which he had thrown every ounce of his megalomaniac energy, the conceptions of world power as yet only half rounded out, all these would be smashed, paralyzed and twisted by a German victory. His Dutch roots might save him something from the wreck. But it was too late for Henri Deterding to try sitting on the fence. He had chosen his destiny without hesitation when first he got close to the Samuels and Frederick Lane. While thousands of his fellow-Netherlanders solemnly pretended horror at the appalling brutalities and wastages of the war—while reaching out for the fabulous profits available to smart and resourceful men of affairs—

Deterding abandoned pretense. He was in the Allied camp; therefore he must fight tooth and nail to preserve Anglo-French domination of Europe.

The vast fleets of the Royal Dutch-Shell, which had grown enormously in the last few years, got down to the job of getting as much oil into England as they could. But it was not an easy job. Germany's intensive submarine campaign was on. One after one the valuable tankers were sunk—in mid-Atlantic, in the Channel itself, off the Spanish and African coasts. Daily the miserable news came in. If something could not be done to stop it, the Navy would find itself inadequately supplied with the fuel oil on which the most important of its vessels utterly depended. England's security was now dependent on oil, on keeping the seas clear. It was no easy job. But Deterding himself was not without ingenious and pugnacious ruses to outwit the U-boat campaigners. An American writer, agreeing that "the services rendered to the British and Allied Governments by Mr. Deterding during the war were of a most comprehensive character," is in no doubt that it was a cunning dodge for fooling the submarines that saved the oil situation.

The number of lorries, tanks, aeroplanes and motor-cars used by the French and British rose at the rate of a geometrical progression. The whole problem of mobility on the Western front turned on the issue of adequate oil and petrol. If they could not dip deep into their supplies, vital and terrible German thrusts at the coast and at Paris would go through. To arrest Germany's moves, the utmost mobility was essential. Whole divisions had to be whisked into new breaches at the shortest notice.

The tankers were numerous, but numerous or not, they were inadequate. Germany had pretty good stocks of oil, and for much of the war was getting quite considerable supplies overland from Roumania. On the other hand, once the original stocks of Britain and France were depleted they had to replenish them from overseas. Certainly the "Q-boats"—disguised trawlers and fishing smacks—did something to reduce the savagely ubiquitous submarines.

The shipyards were frenziedly manufacturing tankers, turning out ships of every kind. But the tempo was not fast enough. In any case, an oil tanker has a very distinctive appearance, built as it is with its funnel so near one end, and what not besides. Deterding thought up a new trick, and talked it over with the British Government. He suggested (with the technical advice of Tulver, the Shell's marine superintendent) that the ordinary cellular bottoms of British ships, normally fitted with water ballast, should be converted into oil tanks. To show what he meant, he arranged to have the fleets of the Shell adapted in this way. The whole of the trusts' resources, all over the world, were brought to bear on the problem, with the result that it was solved in amazingly quick time. Whichever port with adequate facilities lay nearest the particular tanker concerned at the moment the decision was made became the next port of call. No need to come back to England. Many foreign and colonial ports were impressed for the job, and as a result the work was done without glut or disharmony and the strain on British yards was relieved quite appreciably.

What was more, the world's oil-carrying facilities were increased enormously. Today it is thought that the Allied success (or near-success—as we shall see later) in keeping the oil famine off during the first three hideous years of war was due more to this expedient than to anything else that was done to outsmart the enemy. Germany's fanatical sailors watched the seas for tankers, but they let dozens upon dozens of other more innocent-looking craft sail by. They looked like fishing smacks or crumbling tramps carrying innocuous cargoes. The Huns saved their precious torpedoes for something a little more rewarding. Patriotic fellows, they could say with the Japanese airman Michitaka Hiramoto in 1937, "We had to make every bomb count; it cost money; plenty of it—the money of our tax-paying farmers who earn it in no easy manner."

So the oil was brought in for a long time.

But this was not all that Deterding did. There was the matter of explosives. The Shell, during the war, put through an efficient and dramatic coup that made up England's deadly

deficiencies in T.N.T.—tri-nitro-toluol, the vital element in so many bombs. France had a certain amount of it, but England was very bad off. Here comes the episode jingoistically known in Britain as "the Shell that hit Germany hardest." Deterding was not unwilling to do everything he could to assist in the solidification of the Allied war machine. He considers the T.N.T. episode "perhaps our most outstanding achievement in the War."

Every resource of the British Navy and Intelligence Service was brought to bear on the complicated task of supervising the complete transportation of a factory plant from Holland to England. Until then the Government had been dependent upon the products of gas works and coke ovens, and it was becoming more and more obvious that this was not enough. A particular grade of petroleum from one of the Royal Dutch company's Eastern fields was rich in the necessary constituent, but the plant for its extraction was situated in Holland.

It was obvious flirting with deadly danger to rely on the stuff being made in Holland and then brought over. As soon as the Germans discovered what was happening, they could be relied on to create a special patrol to try to cut off and destroy these boats. Or they might even "accidentally" bomb and incapacitate the Dutch plant; such things were happening.

To design and construct an entirely new plant on this side was considered hopeless, disastrous. It would take far too long, and now time was even more vital than T.N.T. Deterding offered the daring solution of dismantling the whole Dutch plant and transplanting it, piece by piece, to a suitably safe spot in England. The government was asked to assist in the transportation.

Huge gangs of workmen were taken on in Holland to separate the odd parts of the plant. The machine controlled by Sir Reginald Hall at the Admiralty for the dissemination of false rumors was brought into play. It was no good hoping to fool the enemy entirely; the best one could hope was to get him tied up about the exact time of the coup. Portishead, a small Somerset town on the Bristol Channel, was selected as the

best place to instal the plant. A fleet of barges and other vessels was brought together, and quickly the different pieces were rushed across to the Thames—the whole lot in one night. Everything was unloaded on to waiting trains with the minimum of delay, all other traffic being diverted. The enemy was completely hoodwinked. The railway from London to Portishead was cleared, too; no passenger or other traffic was allowed to hold up the Shell job for an hour more than necessary. Both outgoing and incoming lines had to be cleared, for many of the parts of the plant were so huge that they protruded, like the great legs or wings of a prehistoric animal, from the trucks, preventing any other train from passing. The reassembling was done with the same hectic, desperate efficiency. Within a few weeks the Portishead plant was turning out T.N.T. with speed and an increasing tempo. Britain's needs had been met. Later the Shell assisted the French in the erection of a similar plant at St. Louis de Rhone. And a reserve plant was set up in Britain.

It was not until the war was over and the wine flowing at the big banquets and medals commoner than leaves and the titles flowing like the wine that an open and public admission of the importance of this episode was made. Lord Moulton, a chemist who held a seat in the British ring which actually engineered the Allied victory, was addressing the Institute of Petroleum Technologists on April 1st, 1919: "If it had not been that in one type of petroleum—that obtained from Borneo—there was a considerable proportion of toluol, my face would have grown permanently longer, and the small amount of hair which I still claim must have gone, for I should not have known how to keep up with the gigantic demands of our services for high explosives."

The British Government had found that it could not get along without Deterding and the Samuels after all. Even if the Anglo-Persian had been producing ten times more petroleum than it did during the war years, enough for the Allied needs, Britain would still have had to call upon the Shell on the toluol issue.

The war turned out to be even more an oil war than anyone had anticipated. When the war broke out 45 percent of the British Navy was burning oil; as the war went on the rest was changed over at a rapid tempo. By 1917 the Admiralty was demanding 330,000 tons of fuel oil per month, as compared with 130,000 at the beginning of the war. Trinidad could not produce one month's supply in the course of a year, and Anglo-Persian was not able to do very much better.

The gradual approach of the shortage has become famous. The tankers were being sunk at a steadily growing rate, and by the beginning of 1917 the losses were equal to about one a day. The movements of the French army were being cramped disastrously. Even worse was the condition of the British Navy. Henry Bérenger, who held an important official position in France and knew exactly how bad things were, and in what way, has given a grim account of the period in a book. And Viscount Curzon has said: "So depleted were the stocks of naval fuel oil that the Fleet had to restrict its exercises and was becoming seriously handicapped in its duties." About five years after the Armistice, it was admitted in England for the first time that the Admiralty had calculated in 1917 that by December of that year, at the current rate of tanker losses, the Navy would have no oil and the Allies would then have to sue for peace on very disadvantageous terms unless some way was found either to increase oil stocks or to lessen the rate of consumption. Bluntly, the Allies would have lost the war unless something could be done. Balfour wrote of a trip he made to America to see what could be done: "That was a terrible week we spent at sea in that voyage to the United States. We knew that the German submarine campaign was succeeding. Their submarines were destroying our shipping and we had no means of preventing it. I could not help thinking that we were facing the defeat of Great Britain."

Ambassador Page was frantically busy trying to make the United States government realize the issues that were being slowly fought out in that patch of grey Atlantic just off Ireland's coast. During the week ending April 22, 1917, eighty-

eight ships were sunk, Allied and neutral, totaling 237,000 tons, and a great many more were unsuccessfully attacked. Sims, the American admiral who was studying the situation over in England, wrote a memo to Page commenting on his covering letter: "I think I have made it plain there in that the Allies are losing the war; that it will be already lost when the loss of shipping reaches the point where fully adequate supplies cannot be maintained on the various battle fronts." Sims had been initiated completely into "secrets which were so dangerous that not all the members of the British Cabinet had been let into them." He was furious at the apathy and procrastination of his own Naval Department, whose Assistant Secretary, by the way, was an obscure politician named Franklin D. Roosevelt. He tried to show his government that unless adequate help was given Britain, particularly in the matter of convoying supplies past that deadly bit of ocean, Britain would be starved out and would have to surrender. Page sent this alarming note, "Most Confidential for the Secretary of State and President only: . . . Sims says that the war will be won or lost in this submarine zone within a few months. Time is the essence of the problem, and anti-submarine craft which cannot be assembled in the submarine zone almost immediately may come too late. There is, therefore, a possibility that this war may become a war between Germany and the United States alone. Help is far more urgently and quickly needed in this submarine zone than anywhere else in the whole war area."

In a letter to his brother Arthur in July, Page specifically mentions the question of oil. "The German submarines are succeeding to a degree that the public knows nothing about. . . . Now if this goes on long enough, the Allies' game is up. For instance, they have lately sunk so many fuel-oil ships that this country may very soon be in a perilous condition—even the Grand Fleet may not have enough fuel."

Lord Northcliffe, the megalomaniac press lord who wore a lock of hair in the Napoleon-Hitler manner and made millions from chauvinistic newspapers for the masses, was in America at this time, fixing up quite a number of important matters in

his capacity as British Commissioner to the United States, particularly in relation to propaganda. He received a cable from Balfour begging him to try to do something to improve the oil situation. There was not so much to spare in America. "I read and re-read that telegram," Northcliffe wrote later on, "and finally called up the Standard Oil head man. We met, and I gave him the cable to read, despite its 'most urgent, most secret' inscription. He read it slowly twice, gave it back to me, saying: 'If it can be done, it will be done.' I said nothing whatever about price. Those people started in right there, and oil is pouring across the Atlantic with great strides and at a lower price than we have averaged over here. They could have squeezed millions out of our trouble if they had chosen. When I thanked them, they merely remarked, 'It's our war as well as yours.' "

The British appeal to Standard was not the only one made in those terribly dramatic months. France was very close to a panic, too. Georges Clemenceau, France's "Father of Victory," was alarmed. The Inter-Allied Petroleum Council had failed to produce adequate supplies even though the available oil had been rationed carefully and intelligently among the forces operating by sea and on the whole western front. Clemenceau dispatched a famous call to President Wilson to assist if he could.

"A failure in the supply of petrol would cause the immediate paralysis of our armies, and might compel us to a peace unfavorable to the Allies. Now the minimum stock of petrol computed for the French armies by their Commander-in-Chief must be 44,000 tons, and the monthly consumption is 35,000 tons. This indispensable stock has fallen today to 28,000 tons, and threatens to fall almost to nothing if immediate and exceptional measures are not undertaken and carried out by the United States. These measures must be taken without a day's delay for the common safety of the Allies, the essential condition being that President Wilson shall obtain permanently from American oil companies tank steamers with a supplementary tonnage of one hundred thousand tons. . . . The safety of the

Allied nations is in the balance. If the Allies do not wish to lose the war, then, at the moment of the great German offensive, they must not let France lack the petrol which is as necessary as blood in the battles of tomorrow."

Standard Oil jumped to it. A flood of oil came across; tankers set out in such numbers that the submarines could not hope to get more than a handful of them. In June, 1917, available stocks of fuel oil in England, compared with a monthly consumption of 400,000 tons, were 950,000. In April of 1918, the stocks were 1,500,000 as against a monthly consumption of 460,000. At the end of the war the average monthly consumption had gone up to 500,000, while there was a stock of 1,800,000. "It was," agrees an English writer, "undoubtedly a fine record of supply organization, a wonderful productive effort." It was principally the work of Standard Oil. After the Armistice, Curzon publicly stated that the United States had furnished "over eighty percent of the Allied requirements of petroleum products."

Did the inability of the Royal Dutch-Shell, allied with the other British concerns, notably the Anglo-Persian and the Pearson "Mexican Eagle" concern, to satisfy Britain's needs prove "the Deterding plan" to be based on a fallacy? Some writers, particularly in France, have said that it did. Rockefeller and his Standard associates had confined their efforts to the American continent—so far, at any rate—and their method at least had the advantage that whatever oil they owned they could get. No submarine could prevent Texan or Californian oil from being pumped into Uncle Sam's cruisers and destroyers. Everything that was theirs was on their own soil. Not so Deterding and his associates and so-called competitors in the British-Dutch group. Everything had to be fetched, and unfortunately quite a long way. So long as the native supplies held out, the American method of relying entirely on sources existing within their own frontiers seemed, in wartime, the superior.

Deterding and all his associates indulged in quite astonishingly rapid extensions of their interests during the Great War.

It has been suggested by many expert commentators that the real reason America entered the Great War in 1917 was not altruistic or sentimental (the extirpation of "Teuton barbarism," etcetera), nor even as a result of the masterly pro-Allied propaganda conducted during 1915-16 in the States, but simply because America was faced with the alternative (a) of fighting a victorious Germany, allied possibly with Mexico on her own southern frontier, of which innumerable contemporary documents and memoirs, such as Ambassador Gerard's, suggest the possibility, or (b) fighting a victorious British Empire, now well equipped with the world's vital raw materials and various geographical plums to attack the U.S.A. and isolate her strategically. The American entry, according to these critics, was based on the idea that the best thing to do would be to plunge in heavily on the Allied side, rescue the heavy American loans and other commitments, help to crush Germany and demand a big voice in the settlement and a large share in the swag. This conception may or may not be correct; probably it has some truth in it, but has been exaggerated. At any rate, it is as idle to deny the spectacular efficacy of the American intervention, especially in oil matters, as it is to blind oneself to the startling expansion of the European oil trusts during the Great War.

The Anglo-Persian people did quite well, considering they were extremely young, if not particularly innocent, in oil matters. Their production rose from 278,000 tons in 1913-14 to 650,000 tons in 1916-17; and most of the oil was got to its billet. There is an interesting story extant about the clever way in which this production was made possible. To get the oil from the fields to the tankers or battleships requiring it, pipelines were necessary; therefore, during the war itself, an urgent demand for pipes of a certain gauge suddenly made itself felt. These pipes were being made only in Germany, and England was at war with Germany. But those pipes were obtained. Holland, of course, came into the story. It is nice, sometimes, being neutral in a big war.

During the years 1914-1918 Deterding's interests spread

with giant strides. In the United States, the Shell Company of California was established, undertaking the establishment of refineries in California and the creation of storage facilities in various parts of the United States. The Walley Pipe Line Company was brought under control, the Simplex Refining Company and the Panama Canal Storage Company. The Panama Canal was very important, and America did not fail to observe that a great many British or allied oil companies were taking root in its neighborhood; taking an interest in key points of world geography was, after all, nothing but an old English custom. They had Suez and Gibraltar and the Cape and Hong Kong and Sydney and Singapore; why grudge them Panama? Wouldn't it have been easier, after all's said and done, to hand over everything to these energetic islanders?

Production went down somewhat, certainly, in one or two places. The Oklahoma and California fields produced rather less, owing to increased freight charges; in Roumania, owing to legal difficulties, owing to trouble in getting the stuff away and later because Germany had overrun the country, things fell rather flat. In Mexico, labor and insistent revolutionary rumbles made difficulties. But in Egypt the fields were productive, while in the Dutch East Indies and in Russia, up until a date in 1917 when Russia ceased to take part in the Imperialist war, production was equally satisfactory. The spreading of Royal Dutch-Shell interests, particularly in the United States which had most to lose by Deterding's growth in power, went on, and went on fast. The group augmented its holdings in the Roxana Petroleum concern and in the Shell of California. The Bataafsche took on new holdings in the Nederlandindische Tank Stoomboot and even in the Neder-Industrie en Handel. The Shell of California took over control of California Oilfields; the Roxana, a thriving Oklahoma concern, absorbed the Samoset Hill Company, also the Dundee Petroleum. The company which later was to acquire such immense importance, Venezuelan Oil Concessions (a concern which invites investors to subscribe £2,400,000 new capital this very day, as I write this) entered the orbit of Deterding, as he took an option on

the majority of its shares. The Norks Engelsk Mineralolie Akstreselskak suffered a like fate.

In 1916 a big step forward was taken in Oklahoma, when 29,588 acres of new land were brought in; new pipelines, tank facilities and distributing centers were established. In California more than twenty thousand acres of unexploited oil lands were taken over. In Mexico, the Corona increased its capital snappily by some four hundred percent, raising it to twenty-five million florins from five million. The consequence of this was the absorption of the Tampico-Panuco Petroleum, which itself controlled the activities of three important enterprises, the Tampico-Panuco Oilfields, the Chijoles Oil and the Tampico-Panuco Walley Railways. In the following year a native Mexican subsidiary to the Dutch Corona was set up, the Compania Mexicana de Pétrole La Corona, a concern which in time was to prove enormously profitable to its owners. Late in 1916, at Curacao in the Dutch Antilles, the Curaçaosche Petroleum outfit was set up; it marked the first step in a direction later to become highly controversial, the object of grim political and economic antagonisms. Deterding's policy of a continuous succession of combinations and mergers was being put through with a vengeance.

Sounds dull; just a list of names, half of them Dutch, some of them remoter still. But there was nothing dull in what was going on behind all this. The efficient agent of British Imperial designs was putting in excellent work, considering that the Empire was fighting for its life against a ruthless and powerful rival dangerously near her coasts. The strategic and masterly forging of the huge oil trust was unhampered by war; in many ways the war seemed merely to help. And to many Americans the whole advance seemed to boil down to a campaign potentially directed against the United States. Deterding was fighting Rockefeller. Yes, and at first he had been terribly handicapped. But that phase was old history now, so old it was hard to believe that it had ended only a decade ago. Now Deterding fought on equal terms, and for the first time in his career he began to hear the honeyed remarks of observers to the effect

that he was coming out on top. Now at last people were beginning to detect the full, rounded, all-embracing daring of his plan and its implications; now at last they were calling him Napoleon, Oilman Number One, the One-Man Trust, and more in the same vein.

Deterding was after profits, but meanwhile he was irretrievably sunk in complex, far-reaching, all-important political struggles of a gargantuan and usually obscure nature. I have said, and I repeat, that the nature and direction of his interests made him emphatically a partisan during the Great War, a partisan of the British Empire. This citizen of a "neutral" country, Holland (for Deterding has never ceased to be a Dutch subject), was definitely in the British camp. Deterding makes no secret of this. He tells us that the war period was, "of course, comparatively quiescent in expansion because we of the Royal Dutch-Shell were too busy 'doing our bit.'" And he had lived long enough in the land of the public school tie, the straight bat and the stiff upper lip to know the correct, required remarks and bogus modesties expected from an industrial magnate. The war was not really a very painful affair for the trust-builder whose interests were so much extended by the time it ended—not in the urgent sense in which it was painful to ten million dead soldiers and to millions upon millions of widowed women, to shattered but still living fighters, to orphaned children and impoverished property owners. Discussing the war cursorily, this Dutch adept at self-anglicization and trite moralizings can wind up: "But now Peace reigns, so do not let us disturb harmony by further memories. Today, how much better to remember that, like good sportsmen, both combatants did their utmost—each for his own side!"

(I had thought of endless comments, withering, witty, wise and elucidating, on that quotation, but it is better with none.)

One of the most delightful things in capitalist warfare is that a shrewd grasp of the workings of what is euphemistically called the system, combined with an adequate and unwavering mastery of the basic urges of human nature, will enable the ambitious man to use his enemy's allies to defeat the enemy

himself. Deterding sided with Britain, yes; but it was convenient having so many companies functioning and registered in Holland, a neutral country. After all, neutral countries could have trade relations with the combatants. And why not just a little business with Germany? Hence the Mineral Deliverke Rhenania Aktiengesellschaft, which traded with one of the Central Powers during the war. Mr. Lloyd George has told us how American copper reached Germany through Holland and Sweden.

But an even more brilliant example of the use of the enemy's allies as pawns is Deterding's invasion of the American oil market. In the oil war America was infinitely the greater antagonist, yet Deterding was successful in inducing American investors to assist the expansion on their own soil of the concern perhaps most dangerous of all to their national independence. That was an exceedingly smart action; it had a grandeur, the grandeur of a simple, direct, daring and quite fantastic coup. He got away with it.

With the assistance of that professional American, Otto Kahn, who was born in Germany and educated to a great extent in England, Deterding induced New Yorkers with a little disengaged capital—and they were numerous; even some of the workers had silk shirts—to buy up 7,400,000 florins of new shares in the Royal Dutch.

Kahn had been an employee of the Deutsche Bank, which had sent him to London. There he had moved over to Speyer and Company (the Frankfurt bankers) and nearly become a member of Britain's Parliament of representatives of the people. But it was not to be. A chance business visit to New York brought him into contact with the banking house of Kuhn, Loeb and Company, founded by old Jacob Schiff, who had himself been born in Hamburg. Kuhn, Loeb and Company was the second most influential private bank in the United States. Otto Kahn quickly married the daughter of a partner, and handed over his British passport, explaining:

"I find that my roots have gone too deeply into American soil."

As soon as the war broke out, Otto Kahn erupted into the most frenzied attacks on Germany uttered in the whole of the war period. His speeches, collected and printed in a little book which constitutes one of the nastiest and silliest bits of war hysteria and special pleading I have encountered, *Right Above Race,* contained the gem: "Business men, great or small, are no different from other Americans, and we reject the thought that any American, rich or poor, would be capable of the hideous and dastardly plot to bring upon his country the sorrows and suffering of war in order to enrich himself. Business men are bound to be exceedingly heavy financial losers through America's entry into the war."

Just at the moment when Wisconsin and other unfortunate states were desperately cutting their way through such strangulating wisecracks as these, the house of Kuhn, Loeb and Company was handling subscriptions for the new Royal Dutch shares. A little later the United States came into the war.

In Holland, too, and in France and Britain, investors were assisting in the very rapid capital growth of the concern. By 1918 the Royal Dutch capital had risen to 150 million florins, and in that year it rocketed still higher, to 230 million.

All this time the relations between the British Government and the Royal Dutch and the Shell were becoming closer and closer. The British Government established a system of control over new shares subscribed, even those Kuhn, Loeb and Company had issued in the United States; and it is believed that England acted through that extremely sophisticated, daring and masterful financier, Sir Harry McGowan (today Lord McGowan, and a stock operator well known in New York), in order to come to an arrangement with Deterding and his Dutch colleagues giving the Government, temporarily, partial control of the Royal Dutch itself. In this connection it must be remembered that since 1898, since the time when Kessler had barely succeeded in preventing the Standard people from getting control of the little Hague concern, there had stood in the statutes of the company the by-law that the controlling interest in the Royal Dutch should always remain in Dutch

hands. Those American and occasional Frenchmen who so glibly assert or assume that Deterding at some time during the Great War became a British subject might bear in mind this fact, and realize that if indeed Deterding's affiliations were now much more strongly rooted in Britain than in Holland, he would be able to serve British Imperialism, the Committee of Imperial Defense and the big shots of the City much better by having secret or even merely verbal understandings with them, meanwhile, *as a Dutch subject*, holding the control of Royal Dutch in his own hands. This would not be an impossible feat for a man who has, since the early days of the trust, been enormously rich and has held the leading offices in its direction. It may be objected that such an understanding, such a vaguely guaranteed gentlemen's agreement, would not suffice for the Englishmen in question. Why not? Sir Henri Deterding would think twice, he would indeed think three and four times and hard at that, before ever turning his back on the steely, unsleeping mechanism of Empire. He had everything to lose by such an action; and for everything read *everything*. He had gone much too far to try any turning back. He could perfectly well remain a Dutch subject; it was of no importance. So long as geography remained geography, capitalism capitalism and the major political forces of the world stayed in their alignment of 1919, Hendrik Deterding would be part of the mesh of the British Empire.

The Dutch Government itself for a very long time has had understandings with Whitehall which, whether or not fully implemented by written or printed documents, needed no such substantiation while Holland and her Empire retained even a remote semblance of their nineteenth century character. Admittedly the Dutch Government is and has been close to the direction of the Royal Dutch; but the Dutch Government is very close, too, to the real Government of the British Empire, the trim little junta of men who would not hand over actual control of anything that really mattered to mere politicians without a very hard and wily tussle. We shall have to go into all this again. The war is still on.

The terrible crises of 1917 reminded Whitehall that no amateurish bungling or optimistic procrastination would do if the oil situation was to be handled efficiently. And at this stage we find the War Cabinet taking more aggressive and domineering steps to coordinate oil policy. Lloyd George was all for giving successful, granite-chinned business men a chance to run these vital services; but, quoth Ambassador Page, "Lloyd George is always optimistic and he is too much inclined to yield his judgment to political motives. . . . If the British public knew all the facts or if the American people knew them, the present British Government would probably fall." A native British writer has said that the Lloyd George method "as a general principle . . . was new to British ideas of government, and, loosely applied, it could be chaotic in result." But the oil industry, it seemed, was one in which it might work well. The Prime Minister in 1917 decided to get the oil needs and supplies "coordinated," as everything else was just then. He got Lord Long from a comparatively obscure position in the Colonial Office, and put him in charge. Long knew nothing about oil, but that just didn't matter at all so long as he had that fashionable flair for choosing men; and he did have it. He chose a certain Sir John Cadman to be the head of his department, and this Sir John Cadman, unlike himself, knew a tremendous amount about fuels, and particularly oil. It was the first occasion on which Cadman, who was to become one of the half-dozen greatest eminences of the world of oil and a member of the innermost circle of British government, showed himself as a public figure of significance. Tall, bland, amiable, he was and is the picture of innocent and simple guilelessness, obviously an excellent family man and a hard-working gentleman who wants only the most modest things for himself. But Lord Cadman is blessed with a deceptive appearance; the man's smart, very, very smart.

Lord Long's Petroleum Executive was more a bureau for the collection and useful dissemination of vital oil information than literally an executive. It gathered facts and statistics relating to available and potential supplies and needs, issued warn-

ings and gave advice. It had a good deal to do with the fitting of ships with double bottoms of which I have already spoken. It cooperated with the Ministry of Munitions, which was contriving to produce supplementary supplies from home sources, from the distillation of shale oil and coal, and so on. The Board of Trade was told to discourage civilian consumption of oil. Through a Pool Board, the combines were induced to lay off competition for the time being. They probably objected only very mildly; prices were pleasantly high. The frantic demands for British oil by the Allies, including now Italy, which very quickly became a serious liability in the matter of oil as in other things, were met through the Inter-Allied Petroleum Council, an excellent instance of how allies should cooperate and plan, but rarely do. Curzon later explained that "in every corner of the world in which petroleum was used the deliberations of that body had regulated the supply." All this provided Britain's "statesmen" with "a sound, if elementary, education . . . in the world oil business."

The government now had Lord Long, who was a hard worker and a patriot who dramatized the whole horrible business to the degree that he took himself seriously and became a "loyal patriot"; Cadman, who knew oil and had an overdose of tact and diplomatic calm; Sir Charles Greenway, the vigorous head of the Anglo-Persian, and his colleagues; and various able shipping and tanker experts.

At this stage Shell came into the war on a definite basis of cooperation with the Government. Samuel and Deterding had throughout the war been dealing with the departments on a business basis and at times giving their advice, but now they became part of the team. It has been said that there was scarcely a responsible director of any British oil company who did not, at this stage, take some administrative job in Whitehall.

It was not until well after the war had ended that some of these business men began to feel that they had been fooled. They began to look at the thrilling and hectic days of late 1917 and early 1918 days in a rather cooler light. The British Government, they recalled, was not above the oil business. Not

at all; it was "in oil." And in those dramatic months it had gathered up the most brilliant and specialized experts, used them, learnt the methods, the short cuts, the secrets of men who would not have dreamed of accepting official posts in peace time.

After the war was over and almost everyone was talking, Mr. Pretyman of the Admiralty, who knew a great deal of what was in the minds of the Government and its official advisers, amiably told a specialized audience of oil men:

"The Petroleum Executive had a duty to perform, and that duty was to secure the best petroleum policy for the Empire—to secure that policy without fear or favor. . . . It naturally had to take an interest in the Anglo-Persian Oil Company, as indeed in all petroleum developments for the benefit of the Empire." The frankness of Mr. Pretyman irritated and annoyed some of his listeners. They just couldn't help feeling that it was rather adding insult to injury.

Shell, with all its affiliations—Asiatic Petroleum, Royal Dutch and their subsidiaries—had thrown in all its overwhelming weight into the struggle. Some of its achievements I have told. It sent, too, one of its ablest and dourest negotiators, the compact little Jew, Sir Robert Waley Cohen, to New York in 1917 with Sir Frederick Black to discuss the agonizingly urgent questions of tanker tonnage and reorganization to beat the submarines. It was he who met the Standard directors and worked out the plan for removing the obstacles impeding the free flow of that glorious flood of oil on which the Allies floated to victory. Thanks to the talks he had with Standard executives, the Americans buckled to, arranged to have prices controlled there too, roped public opinion in, used all the machinery of publicity to induce Americans to accept gasolineless Sundays, and withdrew dozens of tankers from the Pacific to reinforce the Atlantic supply.

Once so strong a governmental contact had been established with Shell there was no going back. The government, already woven into the very substance of one great oil concern, now found itself in various ways entwined with the business and

policy of the other, and this a trust not entirely British. When "the War" was over, and the other war—in which "the War" was merely an incident—was resumed, these ties between the Royal Dutch, the Shell and the Government were to continue. No wonder Mr. Pretyman's audience was displeased. England was drawing the little Dutch boy to her bony bosom.

X

AN AGREEMENT called an Armistice was signed on November 11th, 1918, and Europe went mad. But the campaigns in which oil had been involved showed little sign of stopping. The war had had the effect of allowing the interested parties to come out into the open and show their real nature. As a brilliant and industrious commentator on oil politics (one of the very few who drew the correct conclusions from the facts he recorded), Louis Fischer, has said, in time of war a nation acts and speaks as an individual does when he is drunk—it behaves naturally. "In years of peace, that is, in the intervals between wars, silk-hatted diplomats maneuver for advantage and position. When open hostilities commence, states don the mailed glove and 'grab while the grabbing is good.' "

All over Eastern Europe and the Near East, the war years produced frenzied, occasionally mysterious, always terribly costly campaigns in which the objectives for which dazed and disgruntled German and British troops marched, baked, sweated, swore, went mad, shot each other, grumbled and joked were nearly always oilfields. And in all these campaigns the conceptions and aims of Henri Deterding were heavily involved.

Germany hurled itself at Roumania. She took Roumania, in due course, but only to find that energetic and daring British agents, led by "Empire Jack," Sir John Norton Griffiths, had set fire to and destroyed many of the most productive oilfields. Those which remained were reorganized and exploited with speed and remarkable efficiency. The Austro-Hungarian Empire was turning out a certain amount of petroleum from the Galician (Polish) fields. The comedy of oil, sardonically described by Lenin in his *Imperialism*, the efforts of Von Gwinner

and his Secretary, Stauss of the Deutsche Bank, to establish a big native oil concern, had not come to much. The Deutsche Bank's powerful native rival, the Disconto-Gesellschaft, had been ungenerous enough to suggest that its vis-a-vis harbored ambitions which were concerned rather with profit than with patriotism. The attempt to get Mosul's oil was thwarted, as we have seen, by Cassel and Gulbenkian, leaving Germany to use force or to give up the idea altogether. The government had blenched, in the last pre-war days, at the prospect of subsidizing any native enterprise in an effort to compete with Standard Oil. That was a project too ambitious even for Germany. During the earlier years of the war, Standard supplied Germany with oil, but later the blockade compelled her to cut down the supplies; and before long Standard was in on the war herself. In the opinion of Winston Churchill, Germany, in the person of Falkenhayn, made a fatal and possibly historic blunder in not throwing huge masses of men into Roumania early in the war, forcing that country into the fight on her side, harnessing her oil and driving on to the Caucasus and Mesopotamia. Later on, when Roumania did come in, on the Allied side, Mackensen attacked the country with overwhelming success, thrashing Roumania's armies and inflicting awful losses.

But Germany wanted much more. Germany and her allies wanted to get Mosul and, above all, Baku and Grosni in the Caucasus. Mosul's oil was still speculative, and there was no production yet. Baku was prolific and highly organized. From Baku to Batum, thanks to the liberal money-bags of French, Russian and British capital, were ample pipelines and railways. Germany wanted all that. Turkey might be able to help.

Ludendorff, the military genius who gave the bovine Hindenburg his ideas and then told him how to carry them out, may not have been particularly acute or profound when speaking of Jews, Freemasons and Roman Catholics. But when he wrote of war and its movements and motives, he was revealing and pertinent.

"As Austria could not supply us with sufficient oil," he says, "and as all our efforts to increase production were unavailing,

Roumanian oil was of decisive importance to us. But even with deliveries of Roumanian oil, the question of oil supplies still remained very serious and caused us great difficulty, not only for the conduct of the war but for the life of the country. The stocks of the Caucasus opened a more favorable prospect for us in 1918."

Compared with Germany, the Allies were rich in oil. In the Fatherland the old people and the children talked instead of read at night, for there was no oil for the lamps. The armies were slowly being reduced to immobility; there were insufficient supplies of petrol for divisions to be flung with quick surprise from front to front. Even the airmen, the daring and remarkably skilful Von Richthofen and his colleagues, were doing their stuff with the cheapest benzol substitute, nothing like so good as the real thing.

But Germany was relying on another source, and this one she hoped to harness in time to win the war. Early in 1917 a round, tawny-haired little man, thoughtful, alert, quick in his movements, got into a train in Switzerland, was sealed up and deposited in Russia. In March, 1917, Russia, the Russia of the Czar, her armies starving, unarmed, rebellious and decimated, withdrew on many fronts. In that month a youthful adventurer with the gift of the gab, Alexander Kerensky, an actor who had become a politician, became Prime Minister of a Russian Republic. The Czar abdicated. On October of that year Lenin and his friends, the Bolsheviki, announced that the workers' and peasants' councils, or Soviets, which they had organized all over Russia, would forthwith take "all power." They declared that Russia wanted peace right away; and advised the working men of other lands to do exactly what they had done. They appealed for peace. Germany took her chance. Here was a grand opportunity to thrash Russia, to drive her back and to take huge chunks off her territory all along her western frontiers.

It was terribly maddening for the British. Carefully planned and well executed maneuvers all over the Near East—of which more later—had culminated in the taking of Baghdad in March

1917, and in the formation of a six-hundred-mile common front with the Czarist armies, reaching from Trebizond to Erzeroum and down to Baghdad. The Turks and the Germans were everywhere to be slowly forced back from the oil belt, and gradually squeezed. Instead of that, Russia collapsed and the Turkish armies, officered and directed in many cases by Germans, poured into Armenia and up towards Baku and Tiflis. There was no opposition, since the Russian soldiers were obstinately walking in the same direction—back to their farms and the hell with it.

Lenin and Trotsky succeeded the vacillating and grotesquely incompetent Kerensky. They broadcast their peace appeals to "All, all, all." But Germany's workers were not strong enough to respond. After tensely dramatic, rapid negotiations, the Soviet government, knowing well what it was doing, consented to sign, without reading its terms, the German-dictated treaty of Brest-Litovsk. The date was March 3rd, 1918. Immediately Turkey got as far as Batum itself, capturing the port. Those Germans who did not know exactly how important oil was were annoyed and exasperated at the extent to which Turkey was abandoning other fronts, e.g., that opposite the English in Mesopotamia, to drive into the Caucasus. General Liman von Sanders, Commander-in-chief of the German forces in Syria, wrote in June, 1918, to his country's Ambassador at Constantinople, Count Bernstoff (of Washington fame), saying irritably: "The Turks are sacrificing all Arabia, Palestine and Syria to these boundless undertakings of theirs in the Caucasus." But the Ambassador was able to calm the General; he knew that the truth was that Turkey was making a belated effort to snatch a luscious chestnut from the embers for Germany herself.

Much had happened by June. In April the various little nations of the Caucasus, Georgia, Azerbaijan and Armenia, proclaimed themselves independent of Russia, and set up what they called a Trans-Caucasian Federation. (It had been England's dream for decades to see such a state created; it would inevitably be the puppet of the power mightiest in the Near East, and who was that but England?) The vaguely liberal protestations of the little local politicians who arranged the action—under pres-

sure from Germany—led in little time to vulgar and pathetic wranglings among each other over a tiny strip of land, and within a month the Menshevik (pink Socialist) Georgia had declared war on the other two states. At the same time the Mensheviki, led by the bearded Noi Jordania, informed the German Imperial Army that its presence in Georgia would be welcome. This, we must presume, was M. Jordania's idea of giving his people liberty from the yoke of autocracy. He proclaimed his aim of establishing (without the crude tactics of the Bolsheviks, of course) the Socialist heaven, and this was how he set about it. Germany was well entrenched in the Ukraine, grabbing wheat for her starving armies and civilians. From there General Kress von Kressenstein sailed with three thousand troops to Poti; he landed in the Georgian port on the very day that the remarkable Jordania read the Declaration of Independence of the Georgian Menshevik Republic. Three days later Tchenkelli, plenipotentiary of this odd republic, signed an agreement with von Lossow, a German officer, one of the terms of which was that all the railways and naval equipment of Georgia were to be handed over to Germany for the duration of the war. The next act of the liberated nation was to give Turkey the right to carry oil free by the Baku-Batum pipelines. The Mensheviks were of course simply the tools of the German government. But things were desperately urgent. German armies were making frantic offensives in Western Europe, and the war might yet be spectacularly victorious for the Kaiser if enough of Baku's oil could be procured and got across. More troops were sent from the Fatherland, one force entering Northern Persia and penetrating as far in the *Drang nach Osten* as Tabriz. At this stage Limon von Sanders began to grumble. Ludendorff has explained German objectives bluntly enough: ". . . The behavior of the Turks in Batum had again proved that we could not depend on them in this matter. They had taken all available stores for themselves. We could therefore expect oil from Baku only if we fetched it ourselves. . . . The production of oil in Roumania had as far as possible been extraordinarily increased. Nevertheless it was out

of the question to think of covering our deficits. This, however, now seemed possible in Trans-Caucasia, especially in Baku, provided transport facilities would simultaneously be regulated. . . . Naturally the decisive question was how we could get to Baku."

Henri Deterding must have been extremely jittery as he read the daily reports from the Caucasus. In the oil empire he hoped to create upon the wreckage of the war, Baku and the huge Caucasian oilfields generally were to play a role of the utmost strategic and geographical importance. It was the oil of Baku which had saved his little firm in 1898, saved it from catastrophe, and from that day right up to 1914 he had steadily and systematically increased his holdings in the companies controlling its wealth. Whitehall looked on in smiling approval. Satisfied that it controlled Henri Deterding, it was perfectly willing to see him lay his heavy hand on the richest oilfield in the world. Behind his commercial penetration, British permanent plans of strategical and military importance were being developed and firmly pressed home. It was merely the next stage in the execution of Disraeli's concept.

Deterding saw Baku as the focal point in his world plan. Control of that region would, he was convinced, give him predominance in East and West, give him the decisive power over all competitors. Through the Caucasian city he hoped to realize his dream of monopolistic supremacy.

But the German advance didn't look so good. They were now in virtual control of the whole Caucasian region and likely to become firmly intrenched there unless thrashed decisively somewhere else. It would be disastrous for many others besides Deterding if the war was to end with the Kaiser victoriously perched on Southern Russia.

The Germans were the kind of people one could understand. They were after exactly the same things, the same sort of things, as Deterding and his assoicates and apologists. The German armies fought and marched to get the things for German capitalists that British armies fought and marched to protect for British capitalists. It was a straight scrap (". . . like

good sportsmen, both combatants did their utmost—each for his own side!"). And to get the Germans out, all one had to do was to smash them good and proper in Flanders; that was the sort of thing a fighting man of affairs could understand and deal with. But the Russians were behaving like bloody fools. These Bolsheviks were the sort of crazy fellows, without any money or business experience, who were jabbering away in every country, and no self-respecting person out to make a career for himself ever took any notice of them. Now, however, it was something new to see them bid for political power in a great Empire, and hold it. Not that Britain wanted or had ever wanted the Czar's Russia to be strong. The Russia of the Czar was a temporary buttress in the East which England was clever enough to use to help in squeezing Germany, her only really important rival in the march on Asia. Russia itself could offer no serious threat. The business penetration came first, as always; in due course, "the protection of legitimate interests" would demand ambassadorial protests and finally the introduction of small military forces—merely for police purposes, of course. From the protection of British property, one progresses insensibly to the stage at which the British agents, now well known faces, find it no more than their plain duty to order the shooting of a few irresponsible and dangerous visionaries and to organize "the sound elements in the country" (believe it or not, British agents and soldiers still use that phrase perfectly seriously) into a "stable government." The first stage in the paralysis and colonization of Russia had been the financial penetration of the Caucasus and the Ukraine; the next was to be the creation of some sort of ostensibly independent federation of small states—but under British tutelage, dammit, not German.

It was essential that these Bolsheviks should be stamped out. They were whole-hoggers. They believed in the nationalization of the means of production, meaning oilfields among other things, and their rational exploitation for the common use, with capitalist competition completely eliminated. There were revolutionaries and revolutionaries; there was the kind you backed because he had fixed it all up with you beforehand—extremely

useful when the other fellow was the Man in Possession. For instance, if Germany were to take possession of most of Russia, England would at once become interested in a revolutionary movement there—something that would get rid of the Germans. Even if the Czar himself became too strong, a nice little revolutionary movement might help. The best kind was the separatist kind, the kind which, using slogans about racial and regional self-determination, broke off useful little bits of Russian Imperial territory, creating little states which would come to terms with England, giving her all the nicest options and concessions and guarantees and thanking her politely.

But these Bolsheviks were very difficult and dangerous people. The revolutionary movement in Russia had always had some extremely able and devoted partisans in the Caucasus. Not much more than a handful of them—Georgians, Armenians, Russians, Jews; they had striven to organize the railwaymen and the oil workers and they had a good deal of success. The terrible severity of the Czarist courts and police taught them the difficulties of their trade. Working almost entirely underground, they produced their little newspapers and their broadsheets regularly. In 1905 they had worked desperately to prevent the stupid destruction and carnage wreaked on the oilfields by a handful of crazy incendiaries. They wanted the rising to become a rational expression of the indignation and organized resentment of the Caucasian workers against the increasing exploitation of the wealth of the region by capitalists, both from outside and from within their own country. A gigantic Georgian named Demetriachvili was one of their leaders, a selfless and heroic figure who risked his life and finally lost it in the cause to which he had given himself—the complete liberation of all the peoples of Russia. The man who took his place as the most tireless and steadily efficient organizer of revolutionary activity in and around Baku was another Georgian, a younger man named Josef Vissarionovich Djhugashvili, who later on was to take on the revolutionary pseudonym—the last of many—of Stalin, the Man of Steel. Stalin was in constant

touch with Lenin, who lived in London and Paris and Geneva, organizing, commenting, planning and writing.

When Lenin seized power in October 1917, he hardly expected to be able to hold the Caucasian regions at first, and he knew full well that any other government but that of the Bolsheviks would rapidly come to terms with foreign powers. On some flimsy utilitarian pretext complete control of the oilfields which might make Russia great would be handed over to some aggressive and selfish foreign financial interests.

Immediately after the declaration of the Soviet, the Bolsheviks held Baku. It was doubtful whether they could hope to hold it for long. Their contacts with their own main forces were cut, and even by sea they could not keep up communications. The republican government of Azerbaijan invited the Turks along, who promptly sent Nuri Pasha and his army into the territory. Meanwhile the Armenian Nationalists (Dashnaks) had decided they were in favor of inviting English aid. This they hoped to get from Persia, where British troops were well entrenched. Then followed the famous and mildly farcical episode of the "Dunster force." General Dunsterville set out originally from Baghdad in February, 1918, with a company of officers; ostensibly he was going to Western Persia to prevent a German march on India. The idea was absurd. No German army was nearly large enough, well enough equipped or well enough located to get within hundreds of miles of any point of Indian territory. Many British writers have since admitted as much, including the agent, Sir Percy Sykes, who quite openly admits that the little force was being sent to try to prevent, by any means in its power, German or Turkish forces getting Baku and using its oil. The "Dunster force" was conceived as "a military mission to reorganize the sound elements of the country into a force that would prevent the Turks and their German masters from reaching Baku." Having reached Northern Persia, Dunsterville contacted a "White Russian" (i.e., Czarist) general named Bitcherakov, who had twelve hundred soldiers.

On August 13th, 1918, the Bolsheviks decided to evacuate

Baku. Three days later Dunsterville arrived by sea, with about a thousand men and a great deal of artillery. But Dunsterville was a good soldier and he knew that it was true that at times one should be discreet rather than valorous. Very large Turkish forces began to pour into the environs of Baku, whereat Dunsterville calmly got back into his various boats and sailed back to Persia without firing a shot. That was on September 13th. The reader will notice that we are now approaching the date of the Armistice, but he will also remember that this fact was not known to the frenzied and delighted Turkish and German General Staffs. They thought they had done something very big, something which might change the whole course of the war. And if they had been twelve months earlier, they might have been right.

The Turks quickly set about converting the oilfields to their own use. The first thing was to reverse the Bolshevik decree nationalizing them. That was about all they did succeed in doing before the Armistice arrived to reduce their grandiose ideas to a handful of dust. The Turks were told to evacuate Baku, and did so.

On the 16th of November, back came the British. They came once more by water from Persia, and this time with a good deal of ceremony. Their flagship, commanded by General Thompson, flew the flags of Great Britain, the United States, France and the Czarist Empire, which had ceased to exist.

With this action the English government bluntly proclaimed the new war. England was all for law and order, but it did not recognize the right of a nation to choose its own form of government. The idea of a country governed by peoples' councils was too silly. There would be time enough to deal with the people who thought they could get away with that; and Gad, gentlemen and honest traders could hang together.

Within a very short time a whole British division was stationed in the Caucasus, and the whole army of occupation was there. Indeed the speed and crisp insistence with which English forces slid into town and into war areas of any military or economic importance was most impressive, and served to

remind the onlooker (a) that the English were not half as dumb as they sometimes seemed; (b) that the English had had a good deal of experience, and knew that being in possession gave you a tremendous ascendancy when negotiations were being conducted.

From London, Paris and the Hague, Henri Deterding watched with pleasure and keen interest every new development. On his toes, he knew that the next few months might well be decisive to the realization of his immense plans. He saw the whole of Baku's wealth falling into his hands, and with it the decisive word in the international oil industry and everything that that meant.

He and his associates knew the terrible complexity and delicacy of the situation everywhere, how innumerable factors operated to effect the outcome of every issue, how terribly interdependent the various powers had become, how a little pressure at one end of Europe could settle a question at the other. He knew that British diplomacy, which, throughout the war, had never for one moment forgotten that all wars come to an end and that an Allied victory would automatically make France and the United States Britain's enemies, was now concerned (a) with the satisfactory solution of the Russian question, i.e., the re-establishment of the Czar, but over a much reduced and weakened Empire, and (b) with the tactical out-maneuvering of the United States and France in the distribution of the spoils of war, a matter which might settle the economic leadership of the world for the next few decades.

He knew that Britain would hold the Caucasus as long as she could. He knew that the British Government was perfectly willing to see financial control of these Golconda-like regions tumbling entirely into his hands, since it felt certain that he was now closely bound into its organization, an instrument by which British influence was spread. While Churchill and Lloyd George and various energetic departmental heads conducted the political campaign necessary to make Caucasia in effect part of the British Empire—and this was largely done, as Britain prefers it done whenever possible, through catspaws—Deterding

and his allies were busy taking the necessary financial steps to give them greatly increased dominion over Apscheron and its environs. But for the moment we will continue to deal with the political aspects of the campaign.

Arrived in Baku, the British troops quietly and amiably began to dig themselves in. No other Allied power was asked to assist in its control. Expensive though such burdensome duties can be, Britain was willing to undertake this one herself. The State Bank, the law courts, posts and telegraphs were all brought under control; the policing of the country and the feeding of the population became the concern of the considerate assumers of the White Man's Burden. At once they succeeded in becoming as friendly with the "Socialist" Menshevik government of Georgia as the Germans had been before them. The Mensheviks held many Bolsheviks prisoners, and it was on the instructions of the British visitors that they released some and continued to hold others.

Had oil nothing whatever to do with this? So far as the public at home was concerned, the movements of British troops have always been a mystery. Mothers and wives back in Balham and Bury rarely have an echo of the faintest notion of what it is all for. Sam goes to Shanghai and Bert's last letter came from bloody old Mespot, and no doubt some of them nobs in Whitehall know what it's all about. The English Tommy is amiable and docile up to a point; he'll do a lot if he's given decent socks and eatable grub, and he never was a one for asking questions.

Now and then someone spills a bean or two and indiscreetly raises the corner of a curtain, a curtain which ordinarily conceals the real motivation and objectives of England's political activity with extraordinarily consistent success. Fortunately for England's rulers, these spilt beans are usually picked up only by a handful of people, and they the ones who already have quite a stock of beans.

W. J. Childs, who used to work in the Intelligence Department—Secret Service—of the Admiralty and was recognized as an authority on the Near East, wrote: "Had there been no

oil at Baku, events in the Near and Middle East during the years 1913-1921 would have shown a striking dissimilarity from the events which actually befel."

"Baku," said that brilliant and selfless little servant of the Russian people, the late George Chicherin, "is a finger extended towards Asia."

And this remark opens up a prospect on which I have not previously touched in this book—the view that, in attempting to gain control of Baku and its resources, Britain was not merely being greedy; she was acting, in effect, in self-defense. Britain held much, but holding much she had much to defend. For more than a century she had fought Russian imperialistic designs on the Black Sea, in the Arabian regions and, above all, in and around Tibet and Afghanistan, the gates to India and to the seat of British power.

There was reason to believe that the Russian Government had realized, long before the close of the nineteenth century, that in Baku the Czar had the instrument, at last, *at last*, by which he and his huge steam roller could o'erleap the Tamirs and the Himalayas and slosh the English where they would feel it most. That such schemes were consciously harbored—even if never brought into the sphere of practical politics or developed at all fully even in theory—is revealed by a book of sensational interest for researchers into oil matters, a book which so far as I know has remained utterly unnoticed by all the writers who have dealt with the subject. Published in Paris in 1891 under the title *La Transcaucasie et la Péninsule d'Apchéron*, this book was written by none other than our by now old friend Calouste S. Gulbenkian. It is his one and only essay in authorship between boards; after that, he quite correctly surmised that there was more money in oil, and, unlike other writers who have got that far, he acted on it. Gulbenkian's book is scholarly and informative, a snappy and sensible effort in the best traditions of French reportage. He tells us a lot about Baku, where he saw the oilfields and the refineries of the Nobels, and then tells us that Baku would be used by Russia to oust the British from Asia. Well, the English were

a bit smarter, and they set about getting Baku for themselves and ousting the Czar from a good bit of Russia. The most convincing proof of the success of the British over, first, the Russians and, second, the French (whom Gulbenkian invited to Baku, as we know, without response) is the fact that M. Gulbenkian himself had moved, by the end of the century, into the British camp and, by 1902, into British citizenship.

Of course oil had everything to do with the capture of Baku. Britain did not want all that oil to be necessarily within her own government-controlled trust, but she definitely wanted it out of the hands of anyone who was potentially an enemy of the Empire. Deterding fitted the bill nicely; he was a friend of England. Deterding, then, could rely on the fullest British official and semi-official support in his efforts to get Baku as long as he remained England's pal.

The others were out of the race. The Turks had tried damned hard, and had used up more men in the drive on Baku than in any other wartime activity. Germany had weakened herself fatally on other fronts in the furious attempt to get that oil and get it in time. It was an irony that the movements of troops should bring about collapse on the western front at just that moment when they had led to glorious and endlessly promising success on the other.

England got busy on oil very, very quickly. Her men took over the activities of the fields and the refineries and cracking plants. A British Board of Railway Control was set up at Tiflis —the Mensheviks smiling in amiable approval—and the Baku-Batum Railway, which carries the oil for export, was overhauled. Ditto the pipelines between the same two towns.

As Louis Fischer has drily observed, the English didn't behave at Baku like excited burglars, filling their pockets and making a quick getaway. Oh, no; "They behaved as if they meant to stay for a long, long time. They treated Baku as a new addition to the Empire and not as a treasure to be pillaged in passing."

At this stage things looked good for the Empire. German and Turkish interference in imperial conceptions of British

grandeur had been removed, the Czar was dead, the Bolsheviks were extremely busy keeping going, thanks largely to Allied assistance to the "White" royalist armies, and the French and American rivalry had not yet become effectively organized. Britain looked as if it would finish up in almost absolute control of the Caucasus, of Persia, Mesopotamia and Palestine.

Business men in London were openly licking their lips. They saw really fat, almost obscene profits from all this, once "sound elements" had been organized, "necessary steps taken to guarantee order," and the rest. One of them, Mr. Herbert Allen, chairman of the Bibi Eibat Oil Company, waxed altruistically eloquent and finally got to the point at his annual meeting in December, 1918.

"In the Caucasus, from Batum on the Black Sea to Baku on the Caspian, and from Vladikavkaz southward to Tiflis, Asia Minor, Mesopotamia and Persia, British forces have made their appearance and have been welcomed by nearly every race and creed who look to us to free them—some from the Turkish yoke and some from that of Bolshevism." From political theorizings and entirely admirable and splendid expressions of international good will, Mr. Allen rolled on gloriously, and a wee bit more sweetly:

"Never in the history of these islands was there such an opportunity for the peaceful penetration of British influence and British trade, for the creation of a second India or a second Egypt. . . . The oil industry of Russia liberally financed and properly organized under British auspices would, in itself, be a valuable asset to the Empire. . . . A golden opportunity offers itself to the British Government to exercise a powerful influence upon the immense production of the Grosni, Baku and Trans-Caspian fields."

In Paris and in London Russian agents of reaction were being told by the English that England was actively supporting and would continue to support the armies which would smash the Bolsheviks and their government very quickly, but that in the Russia which emerged there would be no Caucasia. Caucasia would belong to a separate state, the creation of Britain as part

of her policy of the Balkanization of the Near East. One of them, Boris Savinkov, put the matter simply some years afterwards, when he himself at last realized that he had been working vigorously for the enemies of the Russia he claimed to love: "In all this I sensed the odor of petroleum."

Denikin, a bull-like little diehard general, was in command of the greatest of the White armies. He operated in the Ukraine, just north of the Caucasus. Denikin, whom I recently met in the small, rose-covered cottage outside Paris which, instead of a Dictator's palace in Moscow, had become his home (he had no collar on, and wore a motheaten pullover, but was very friendly), had the confidence and the active support of the British Government. As Lloyd George subsequently admitted, England spent over £100,000,000 in pro-White intervention in Russia's war.

They felt certain that Denikin would see that their "rights" were respected. Hence Britain's withdrawal from the Caucasus in August, 1919. A naval squadron on the Caspian was re-equipped with big guns, moved to Derbent and handed over to Denikin. A garrison was left at Batum. Undoubtedly the withdrawal was partly the result of the angry irritation of the British working classes at this active anti-democratic intervention in another country's affairs, an irritation shared even by the middle classes, the taxpayers. Lloyd George was quite certain that the Bolsheviks would fail to conquer the whole of Russia, and was really quite in favor of anything which left the country split open. This once fervent and uncrushable advocate of democracy and racial self-determination had become one of the ablest and most plausible exponents of naked British Imperialism. At the Guildhall, on November 11th, 1919, at one of those rather repulsive gatherings of proud-stomached business men, brass hats and other "organizers of victory" which punctuated the year 1919, he explained: ". . . you must not imagine that I am reading from the present situation any sort of prediction that the Bolshevists are going to conquer the whole of Russia. I do not believe it. (Cheers.) The free peasantry of the South

have in their hearts a detestation of Bolshevism, and I do not believe that the Bolshevists will ever conquer that aversion."

Batum was kept so that England might come back. This return was implied in the suggestion made by the English at the Paris Peace Conference that Batum be made a Free State under the control of the innocent, unborn League of Nations. But the idea never went through, and on July 7th, 1920, the British garrison was reluctantly withdrawn. Batum then became part of the Republic of Georgia, whose Menshevik government still had Britain's approval. Britain still hoped to get back to Baku through Menshevik Georgia.

But those damned Bolsheviks seemed to have something. In April, 1920, an armored train entered Baku, and Red rule in the oil city began once more. From that day to this Baku and its oil have been under the control of the Soviet Government of Russia. The three leaders of the conquering army were men deserving our attention. One was a young and handsome Armenian, Anastasy Mikoyan, sole survivor from a nice little shooting party some months previously in which the reactionaries had executed twenty-seven Bolshevik Commissars out of twenty-eight; another was a massive Georgian with an immense mustache, Grigory Orjonikidze, later a colleague of Mikoyan on Soviet Russia's supreme governing body, the Politburo, and as Commissar for Heavy Industry the galvanizer of the immense Five Year Plans; the third was Sergei Kirov, later a right-hand man of Stalin's and the victim of an assassin in Leningrad, which he governed.

In February, 1921, Menshevik Georgia became part of Soviet Russia. The Reds had now practically stamped out all opposition to them inside Russia. Britain had tried to get the Caucasus by comparatively cheap military moves and a little slick subsidizing by her friends. But now she was faced with a much more difficult task. In the middle of 1922, a well-informed British writer, Mr. Arthur Moore, put the whole situation quite bluntly when he said in the *Times*, July 10th: "After the Armistice we poured troops into the Caucasus, which is largely Musulman. Far across the Caspian we had troops even in the famous

Merv. At first these had a stabilizing influence, and we announced that we had come to keep the Bolsheviks away. But as soon as the Bolshevist menace began to materialize, it was we who faded away. Why, then, did we go there at all? Islam knows the answer. We went to try to get hold of the Baku oilfields, but we were not prepared to fight for them."

That was the truth. But the struggle for Baku's oil was not over. Military effort, for the time being at any rate, had failed and was dropped. Deterding now took over the struggle more or less openly. From that day on he fought on, using expedient after expedient, spending tens of thousands of pounds, approaching the problem from every imaginable angle, in his efforts to get back Baku. We shall see how he worked.

XI

AS SOON as the Armistice was signed England began to examine the situation and to prepare for the fight with her "friends." It was a time for congratulations, for banquets, for heavy, slightly intoxicated backslappings, for wheezy speeches of pot-bellied self-satisfaction and vulgar, chauvinistic gloatings over the odious Boche. It was still safe to make obscene remarks about all Germans, still certain to produce loud, truculent "hear, hears."

England was feeling pretty good. English business men in particular. They had just won the war.

Henri Deterding was very busy. His Royal Dutch had grown phenomenally during the war, adding immensely to its capital with almost every year that passed. By 1919 its capitalization was much more than twice what it had been at the outbreak of the war. In October, 1918, *before* the conclusion of the Armistice, he had approached, through an agent, the late Lord Cowdray, a wise and not unlikeable English engineer who, after building a remarkable series of bridges, tunnels, dams and docks throughout the world, entered the oil business in Mexico. Fighting American rivals vigorously, he had managed to put together there a very big company indeed, the Mexican Eagle. Lord Cowdray, whose apologists, including Lord Elphinstone and his official biographer, J. A. Spender, are always anxious to convince us that he was one of those unnatural men of affairs whose actions are always "wholly disinterested and patriotic," or "working on behalf of the Government without any remuneration whatever," had become a very big noise in oil indeed; his various enterprises, which have left his relatives fabulously

rich, covered very many countries and seemed bound up with British oil policy generally.

Cowdray was a fighter, and right up to the outbreak of the Great War he fought furiously and successfully in Mexico. On particular issues the British Government backed him up, but on the general question of assisting him officially in his work it proved coy. They bought his oil, all right. Cowdray was producing oil in a really big way, and knew all about the rising political importance of this stuff, even though he had never intended dealing in it. At the outbreak of the war the Admiralty was buying two hundred thousand tons a year. But Cowdray had enemies in high places. He definitely was not "in," as some people who handled oil seemed to be. In June, 1913, Winston Churchill rose pugnaciously to his feet in the House of Commons and delivered a stinging attack on Cowdray, suggesting that the oil magnate was after a Navy oil contract (why not?) and hinting that the funds of the Liberal Party had gone into the Mexican Eagle Oil Company. The Conservative *Morning Post* solemnly warned the Liberal Government that it had best sever all connections with Lord Cowdray's enterprises, lest the country should suspect its policy. The tone used by one and all was highly moral and the only motives referred to were those of patriotic zeal and anxiety for an efficient Navy.

Cowdray was fed up with being an oilman. He was rich, certainly, but he didn't seem to be getting any fun out of his wells. If the Government could back up those fellows, why couldn't they back him? He had created, under Lord Murrey, an organization more or less independent of the Mexican Eagle which concerned itself with finding oilfields in other parts of the world and nailing them down. This had been started as far back as 1912, under the name of The Oil Department, and it was later carried on, from 1919, as the Whitehall Petroleum Corporation, a significant enough title, since it suggested very clearly that the Corporation was doing the work of Whitehall. The French had observed that throughout the Great War the Cowdray group systematically dug up oilfields in various parts of Africa and America, notably in Morocco and Algiers, and

promptly got concessions which prevented the French themselves from producing there. To them it all looked like part of a concerted plan, a plan unaffected by the Great War, to starve France of oil and peg out all the future supplies of the world so that America would in good time be brought to book. The French noticed that even when it seemed that there was, or might be, a great deal of oil in any place the Whitehall Petroleum Corporation investigated, nothing was done about it. It was just corked. This state of affairs continued for a long time. In Algeria and Morocco, in Colombia, Costa Rica, China, Canada, in Tunis, in Hungary, in Greece and France, in Argentina and even in Great Britain itself prospecting went on. Lord Cowdray's biographer cannot get over it: "From first to last they spent a great deal of money and during the war when the Allied Governments were becoming alarmed at the prospect of a shortage of oil for their fleets, armies and aeroplanes, they displayed much patriotic enterprise without thought or prospect of profit. In the end the commercial results were almost nil. Oil was often struck, but not in commercial quantities, and where it promised to be abundant there were generally political difficulties or opposing interests which were too formidable to overcome."

That was just it. Cowdray thought the British Government should back him more. He saw the way the United States Government backed up its own concerns when it felt it could invoke the Monroe Doctrine, and he was particularly wild over a famous wrangle in Colombia in 1913 in which he had been worsted. The same thing had happened in Costa Rica and in Ecuador. But throughout the war "the firm persevered . . . at the instigation of the Allied Government."

Cowdray found his huge interests too hard to handle. He thought someone else should come in on it. Of course Lord Cowdray was actuated solely by motives of patriotism, but he received, and for some time considered, two offers made to him in 1913 for the sale of Mexican Eagle. Both came from Standard Oil. One was from John D. Archbold, Rockefeller's

right-hand man, who, however, drew back soon after because "legal and political difficulties" had come in the way.

Cowdray "felt it to be his duty" to tell the Government what was going on, and in December, 1913, he told Lloyd George, the Chancellor of the Exchequer, that he was definitely out for Governmental investment in his company. In the interview with the Minister, he put the amount of capital he had invested in the oil industry in Mexico at £12,000,000, and pointed out "that the shares today, notwithstanding the adverse conditions in Mexico, stood at £5,000,000 premium."

Cowdray's bright notion was that the supply of oil for the Navy should become the specific task of his company (he was a bit late) and that, on certain terms, the Government should invest £5,000,000 in it.

The idea produced nothing, and Cowdray saw that he was not in favor. He may have begun to realize that the Government was clever; it knew how to keep oil magnates hopping, vaguely hinting at special privileges and concessions and backing, tossing over a title or a decoration and steadily bleeding the recipients of their specialized knowledge and using them to do difficult, valuable and occasionally rather dirty work in odd corners of the world.

In 1916 he tried again. He was being driven into Deterding's camp, although he did not realize it. He evolved a plan for a British Imperial Oil Company which would look after all the Empire's requirements, and would be the fruit of an amalgamation of his own Mexican Eagle with the Anglo-Persian and the Burmah Oil. Boiled down and run off through a sieve, this seemed to amount to a demand for a share of what was going, since the other two were already "in" in a big way.

There was still nothing doing. Not everyone could juggle mergers as could Deterding. In November, 1916, Standard came back to Cowdray with suggestions, and by February of 1918 he thought it time to ask the Government what they meant to do. They announced that they would not hesitate to invoke D.O.R.A. (the Defense of the Realm Act) against him if he carried on. Cowdray felt even more sore about this, and

Standard withdrew hurriedly. Everyone was supposed to be very good friends just then.

At last we come round to the Royal Dutch, which, however, "quite early in the day had been feeling its way to some arrangement" with the Mexican Eagle. As the war drew to a close, conditions in Mexico improved and any chance there might have been that that unhappy country would be used as the base for a German attack on the United States was removed. Cowdray wasn't quite so keen to sell now.

But the Royal Dutch was keen to buy. The purchase of Cowdray's very considerable interests in Mexico would constitute the largest single deal Deterding had ever put through. He was tremendously excited by the idea. By implication, the British Government had intimated that he was a welcome purchaser, for he met with no official opposition when he first broached the deal. This fact alone gave rise in America to renewed rumors that at some date during the war Deterding had become a British subject, but no such move took place.

Deterding was planning what he himself has called "one of the biggest oil deals ever handled." He managed to put the offer in a way that overcame Cowdray's new reluctance. The Deterding group, in October, 1918, simply offered to buy a considerable number of ordinary shares, the bulk of which at that time were held by Lord Cowdray's original firm of Pearson, and to "assume the responsibilities of management, leaving Lord Cowdray in a perfect peace of mind." A good many interviews took place, and at one of these J. H. Macdonald, a chartered accountant who was one of Cowdray's right-hand men and is today a director of some Royal Dutch-Shell companies, observed the speed and analytic thoroughness with which Deterding went through the books. Afterwards he asked one of the Dutchman's friends: "Is Deterding an accountant? Within twenty minutes of looking through those figures, he discussed them as thoroughly as if he had been studying them solidly for a month." But Deterding thinks, "Figures are not really dry. Instead, they fascinate and absorb. . . ."

As a result of that deal, Deterding became by far the biggest

European force in the Mexican oilfields. He was now firmly established in America, producing in several states in the Union, in Mexico and in Venezuela. He was associated with companies which prospected in other parts of the New World, and America and Americans were hearing about him. Articles and newspaper references painted him, occasionally accurately but always sensationally, as a man whose work was directed against American independence. Some said the British Government ate out of his hand; some said he did what they wanted. Others were sure he worked for international finance to the end that England and her Empire should collapse; the scheme was supposed to get her transport off coal and on to oil and then deprive her of oil. Others were quite sure he was an Englishman. All were sure he was a very powerful and wealthy man whose interests had had a great deal to do with the winning of the war.

XII

THE END of the war left the Royal Dutch-Shell, as far as physical assets were concerned, in the strongest position in its history up to that time. The problem that confronted Deterding and his associates now was not so much immediate further expansion as the acquisition of public good will in England. After all, Shell was so powerful that someone might take it into his head to start telling Englishmen that they ought to fear its tyranny. After all, the Government as yet had no rigid understanding with Shell; its friendliness might change to opposition at any moment. So Deterding and his associates began a clever publicity drive for public support and good will.

At the overheated beanfeasts which decorated the post-Armistice months—beanfeasts of self-congratulation, of demagogic froth-blowing, of glorious blarney—it became quite common to hear speakers voice tributes to the role that Royal Dutch-Shell had played during the war. Henri Bérenger, a French Senator who, since he had had the job of supplying his country with oil during the war, knew how much power went with the control of its source, contributed this little useful speech:

"May I be permitted to state here solemnly, gentlemen, in the name of the French Government, how much gratitude we owe in a special way to Mr. Deterding and his associates and to the Asiatic Petroleum Company for the support which they gave us since October, 1914, to the defense of our country, by placing at our disposal their precious petrols from Borneo and Sumatra which contained the toluenes, the zylenes and the benzenes which were *absolutely indispensable* for the manufacture of our most powerful explosives, and of our most efficient extra-aviation petrols? Mr. Deterding is known and loved

in France not only as the gentleman who has endowed the admirable Dutch hospital of our Pré-Catela and so many other good works in our departments devastated by German barbarism, but also and especially as one of the most powerful industrial collaborators in the defense of Verdun and of the two victories in Champagne."

Just what Deterding's work meant to the Allies Bérenger suggested when he said emphatically, "Without toluol the war would have been lost."

All sorts of other men, technicians, financiers and official oompahs, had their say, including such improbably named but, I assure you, quite real people as Sir Montagu Cornish Turner, who pointedly said, "I think that we may look upon this concern as a National Asset," and Sir Fortescue Flannery, Bart., who roused himself to a high pitch of patriotic frenzy to ejaculate, "In its action towards the Government and the public during the time of terrible anxiety and trial, it has acted in a thoroughly British way."

In 1919, pushing its publicity drive still further, the company followed up such comments as these with the publication of a volume of fairly blatant self-advertisement, a brief outline, in cheerfully jingoist terms, of just what they had done during the war to make it a little harder for the Germans to get to Piccadilly Circus. Pointedly called "The Shell That Hit Germany Hardest," it was compiled by a freelance journalist named P. G. A. Smith, and was a flashy bit of work. Large and thin, it had a gilt cover on which a pattern was worked out in those shells which most of the world was, in the years to come, to get to know well by sight.

The book, decorated by heroic black-and-white sketches in the best schoolboy style, outlined very impressively the remarkable technical and organizational achievements of the Shell concern during the war. Sure enough, it had done its bit. Quoting some of the "victory speeches," Mr. Smith told the story of the daring and efficient transfer of the toluol plant from Rotterdam to Portishead; of the rapid and world-wide conversion of ordinary vessels into oil-carrying tankers—no less than 1,280

of them; of the organization of supplies of every sort of petroleum product; of the erection at Rouen of the huge plant for supplying France and her armies with just about everything; and what would the Allies have done without Shell?

Well, what *would* the Allies have done without Shell?

That's what Sir Marcus Samuel wanted to know. Samuel was anxious to have the Government with him, and he had obtained not even a firm verbal understanding. But everyone in official and business circles was talking about oil. The Cabinet was determined not to be caught short again. It knew things which it did not at that time reveal. It was not until nearly two decades later, in 1937 to be exact, that one of the English Imperialists most likely to be in the know, Lord Horne, a bluff Scot who had been Chancellor of the Exchequer and held all sorts of lucrative City directorships, gave away a secret which had been held for a very long time—the fact that Britain not merely threatened to run out of oil during the war but actually *did* run out. Horne, who was no more than Sir Robert Horne at the time, was High Commissioner of War Industry and saw what was happening. For ten days in 1917 the Grand Fleet had absolutely no oil at all, and it was sheer luck that the Germans did not take the opportunity of attempting an invasion. The Navy, immobilized at Scapa Flow, would just have had to look on.

The Cabinet was not going to be caught again. It prepared for the establishment of huge oil reserves in various parts of the globe so that the Navy and every part of it could always be sure of plenty of oil. The First Lord of the Admiralty started the ball rolling nicely by saying that he needed fuel in Great Britain alone equal to a twelve-months' wartime consumption. The Cabinet thought that was a perfectly good idea, so long as some reserve source could be found. Persia was all right as far as it went, but how far *did* it go? And anyway Persia was at the end of a long sea voyage. They wanted an alternative source and a permanent one. It was no good relying on Baku, because the Bolsheviks were in Baku and it was beginning to look as if they meant to stay. It was no good relying on America,

because America was not so well able to spare oil as all that, and in any case a lot of Americans were getting very suspicious of Britain's motives in the matter of oil. There were all sorts of mysterious British concerns tiresomely "sniftering" around most of the Caribbean countries, particularly in the vicinity of the Panama Canal. And ill-advised Britishers, who, however, knew their way around and might be presumed to have good authority for anything they said, were occasionally bragging rather offensively of their country's smartness in cornering the world's oil supplies, particularly with reference to poor old America. In this connection Sir Edward Mackay Edgar and that rather talkative gentleman at the Admiralty, Mr. E. G. Pretyman, had spilt several bibfuls, of which more later.

The Cabinet finally turned to the Royal Dutch-Shell and to its most agreeable and Napoleonic head: Henri Deterding. After all, Deterding had the oil reserves England needed. Late in 1918 the P.I.P. was formed. This was a committee known as the Petroleum Imperial Policy Committee, and it began to function just after the Armistice under the Chairmanship of Lord Harcourt. Other members were Sir Frederick Black, a very big man at the Admiralty who had already done important confidential work for the Government; Sir John Cadman, "the petrol diplomat"; Sir Harry McGowan, who was to become the most powerful industrialist in the British Isles; and Mr. Kemball-Cook, who had done good work in organizing the stream of tankers at the Ministry of Shipping.

What did the boys of the P.I.P. decide? They were no pip-squeaks, and they kept their discussions secret. But it was known that they were concerned with the question of getting greater British holdings in the important oil-producing concerns of the world, meaning particularly the Royal Dutch-Shell. Something quick and decisive was wanted. In France and in America it has been assumed that the British Government actually took a large cut in the Royal Dutch-Shell finances, but no such step actually occurred. What was done was to arrange, through the personal intermediaries of Sir Harry McGowan and Deterding, for an increase in the shares held in the Royal Dutch by approved

British investors. And strong verbal and personal understandings were established. Such understandings were the essence of the whole matter, since no circumstances could conceivably arise under which either party could want to walk out of the understanding. So long as Europe was capitalist, Whitehall and the Royal Dutch would march in step. The first intimation that something of fundamental importance had been arranged came with a famous and much noticed speech made by Mr. E. G. Pretyman on the occasion of the laying of the foundation stone of the Anglo-Persian Company's new refinery on May 7th, 1919. Mr. Pretyman, speaking just as the P.I.P. was being disbanded, was reported as follows: "When the war came the position was, as they all knew, that the British Empire, with its vast interests in the whole world, only controlled about 2 percent of the world's petroleum supplies. . . . Now, as the outcome of the seeds sown and the processes in use, concerning which he had no time to go into detail, he thought that when adjustments were completed the British Empire would not be far from controlling one half of the available supplies of petroleum in the world, thanks to the invaluable guidance which had been given."

This veiled statement and others on the same lines gave rise to sensational reports in every part of the world, claims that Deterding had now obtained the official if secret backing of the British Government for a more or less open attack on the world's oil supplies, and that it would not be long now before America might expect to be squeezed by the Napoleon who had conquered England. It would have been much nearer the mark to say that, although in some ways Deterding gained by the close association with big officials of the English governing circles, in reality Britain had conquered him. He would have to be a good boy now. He could be powerful; he was powerful, as powerful as any single business man in Europe, but he had to do what Whitehall wanted.

Now that British citizens were reputed to hold the controlling interest in the Royal Dutch, the Government would only have to step in and commandeer those holdings in a war crisis,

as it had done in the last war, in order to control the direction of this hugely valuable Dutch company. Very simple and neat—and yet it is likely that British official reticence in the matter of Deterding's nationality was very much to the point at this juncture; for these purposes, almost entirely imaginary though the situation might be, he was probably regarded as an Englishman. Counting him as English, "English" citizens would have control; counting him as Dutch, what then? But Henri Deterding has never changed his nationality; even he himself has admitted that he remains Dutch. There is a good deal of vagueness about this. The British Embassy at Washington, as late as 1928, said that "to the best of its knowledge" Deterding was a naturalized British citizen.

In 1920 Deterding was made a Knight of the British Empire. It has been pointed out, for example by that spokesman of the Embassy at Washington just mentioned, that this title is "not usually bestowed on an alien."

Perfectly true; not usually. But sometimes. Sir Basil Zaharoff never actually became a British subject, though, by a curious series of coincidences, he enjoyed rights supposedly permitted only to citizens, just as in France he had rights only allowed to French subjects. For their services to the Empire during the war a number of men like the Dutch banker, Sir C. J. K. van Aalst, another Royal Dutch director, and Sir Ramon de la Sota, the Basque shipowner, received English knighthoods. So one should not assume that Britain attaches too great an importance to formalities when such really important matters as licking the other fellow in a scrap are concerned. Then anyone can join in and if he helps, he gets his fish tossed to him, like any performing seal.

That there was some divergence of views within the Royal Dutch-Shell camp on the question of governmental interference and participation becomes clear on a reading of what its leaders said at different times. Undoubtedly there was a desire, broadly speaking, to have official support and backing in some of its ventures, particularly abroad; but governmental control was a very different thing. Deterding was not inclined to accept

more or less unconditional control of the corporation he had built up. Sir Robert Waley Cohen, always a powerful influence in the trust, has said: "We do not believe in mixing up politics with business; it leads sometimes to corruption, always to inefficiency, and tends to convert what should be mere commercial rivalries into national animosities—a very serious disadvantage." Years later the second Lord Bearsted, Chairman of Shell, was still harping on the same tune when he said: "We have found it necessary in every country to conduct our affairs on a commercial basis, avoiding politics." From time to time other big men in the trust have made similar remarks about keeping politics out of business, remarks which, though naive and essentially meaningless, acquire a real significance when translated into what their begetters really mean, which is something on these lines: "We've thought a good deal about this, and have taken expert advice, and we've decided to try to fob off till the *very last* moment all open discussions of political questions, particularly if they're going to lead to the expression of fundamental doubts as to the God-given rightness and permanency of the capitalist system. We're going to pretend that we're outside politics."

Old Marcus Samuel was far from happy, in spite of the waves of drooling congratulation which important minor Jehovahs of the Empire were swilling him in after the war. Lord Birkenhead, later on, said of him in a *Sunday Times* essay cluttered with appalling verbiage and obscure flatteries, "There was more in the Dutch alliance than I can record here; it was a conjunction not to be despised; it remains an object-lesson in international cooperation"; and the pathetic Galloper Smith continued to add that Marcus Samuel "did much to rescue this country from dangers and disasters that were but vaguely understood."

This was very nice, but it did not prevent the lively *Daily Express*, a Conservative paper which did occasionally attempt to give a little news, from attacking Shell and Marcus Samuel quite snappily. This was back in the days before all British newspapers meekly ate out of the hands of the oil trusts, terri-

fied of even the mildest criticism or of the mentioning of facts distasteful to the big advertisers. There was a dispute in London over the price of petrol, which had risen fantastically. The *Daily Express* blamed the "very wealthy men" who controlled the Shell, and said they ought to do something about it. Samuel's solicitor wrote to the *Express* protesting and pointing out that it was only a few months ago that his client had been held up as a national hero for his services to the country; and that he had built up an enormous international combination with business all over the world. He implied that all this should discourage any thoughts of criticism, and pointed out, inconsequently, that the proportion of Shell trade done in England was trifling. To which the *Express*, showing a gusty spirit almost completely absent in Fleet Street today, cracked back that if that was the case, it was an argument for selling their petrol cheap here, as a gesture of gratitude to the tacit Imperial support which had enabled them to grow as they had.

And then the *Daily Express* made a significant, an almost historic observation. For the first time on record, an English newspaper referred to Henri Deterding (not yet knighted—that happened later in the year) in terms which hinted to the alert reader that a new power had risen in English life. It said, "Mr. Deterding is rather the mystery man behind the machine. He is the power. If Mr. Deterding said 'no' on any matter and Sir Marcus said 'yes,' the 'no' would probably win."

Concise enough—and probably accurate, though undoubtedly it would depend what the matter was and how intimately it affected British "Permanent Plans." In adding that Deterding was "rigidly determined," the *Express* remained on the rails; in describing him as "tall, spare," it erred more than somewhat.

Sir Marcus, by this time, was disgruntled, morose and a little maudlin, and in his sorrow he confessed that he was not yet getting all the support from the Government that he would have liked. Interviewed by the *Daily Mail*, he said:

"It is most unfortunate that the company and its associates have received no assistance whatever from the British Gov-

ernment, and have in fact been most unfairly discriminated against in the past."

The Royal Dutch-Shell was close to the heart of the Imperial system. Its leaders had met the highest men of the Government and the administration, had even obtained, as we have seen, understandings with them. But England had not yet handed over the conduct of her affairs to the Samuels, to Shell or to Sir Henri Deterding. Certainly he was powerful; certainly he had made an amazing career; certainly the time had come for a résumé of what he had contrived in relation to what he had dreamed and planned. But the English method was to harness such a man, to make his creation an instrument, conscious or unconscious, willing or otherwise, of the fundamentally unchanging purposes of the Empire; so far as possible, to make him do its work, pitching him an honor, a compliment, a privilege now and then. The Deterdings pass, the Empire remains. So far, anyway.

XIII

SIR HENRI WILHELM AUGUST DETERDING, K.B.E., was fifty-two years old when the Armistice was signed, and at the time of his knighthood, which took place two years later, he had come to the end of the first half of what was indeed one of the most spectacular and brilliant business careers of any age.

He might well have taken a long breath and looked back at the astounding array of obstacles he had tackled. He might reasonably have thought the former bank clerk hadn't done badly in the twenty years he had spent in business.

In those twenty years he had made himself a financier known, respected and feared in every metropolis of the world. He had challenged the most ruthless, resourceful and determined commercial organization in existence, and had taken it for a ride. No longer was there an oil monopoly, Rockefeller's or anyone else's. The colossal Standard Oil interests no longer dominated the world market, and, though they looked united and strong, in fact they were racked by differing interests and policies. The complex financial fabric which the tenacious and systematic Dutchman had woven may have looked weak in its dispersed, calculated universality. But in reality his childhood dreams of great power through hard work and the application of a few simple, direct maxims were now much nearer to realization than could have seemed possible five years before.

In every oilfield in the world Deterding either had an interest or fancied he could create one. Having thrashed Rockefeller in China and the rest of the Asiatic market, and filled the muddy rivers and harbors of a continent with Shell tankers, he had attacked America itself. Not only was he producing

petroleum in appreciable quantities in those very United States which had threatened his business existence, but he was cracking and refining the stuff on their own territory and selling it, efficiently and on a worthwhile scale, to the vast army of motorists created by Henry Ford and William C. Durant.

The greatest empire the world had ever seen had recognized in Deterding one of the masterful go-getters of the age, a buccaneer worthy of Devon, a financier fit to sit with the greatest the City had known. This flexible, amiably hypocritical and very experienced community knew a good man when he appeared. England prefers to give her most priceless blessings to Englishmen, but if a man can contribute something unique, something strengthening and peculiarly his own to the finely spun network of the Imperial financial system upon which the Empire hourly depends, England does not pry too fussily into his origin. The vast steel trust of Vickers, upon which the efficiency of the Army and Navy depended and which was believed to be closely identified with the Intelligence Service which gives permanence to British Imperial ambitions, had slid into the frail, white, but evidently capable hands of a temperamental and melodramatic Levantine adventurer, Basileios Zacharias Zaharoff, of mysterious birth and uncertain nationality. The Empire did not mind where he came from. The important thing was that the Empire should not lose the Great War, and Zaharoff, thanks to a remarkable chain of European connections, was able to assist in that matter. He became Sir Basil Zaharoff and the back-door consultant of Cabinets.

In the same way, the desperate need of the Cabinet in the greatest crisis of the war had brought two Jewish technicians into considerable prominence, the one a Polish-born professor named Chaim Weizmann, the other, Swiss-born, a business man named Henri Dreyfus. Thanks to the priceless assistance each was able to give at a critical moment in the decisive matter of producing explosives, one has become the head and guiding spirit of one of the strangest international movements of all time, the Zionists, and the other an influential industrialist who,

with his brother Camille, controls a powerful trust operating in many countries.

Deterding was typical of these foreign-born men of genius. He, too, had his use to the Empire. And the Empire had its use for him. And he, unlike many of them, did not throw in his lot entirely with England and become an Empire Free Trader or a furious jingoist. He remained a cosmopolite, and he retained his enormous interests abroad. He did not even become a British subject.

But more and more he was a great power in the Empire. The Empire now knew his value. Some of its most serious and far-seeing diplomats regarded his influence as in itself always a potential threat to the true independence of the Empire.

True it was, and widely accepted now that Clemenceau and Bérenger of France and Curzon and others in England had admitted it, that petroleum was entering upon its Golden Age. Since Henry VII had created the Star Chamber and a powerful centralized monarchical system and Elizabeth and Walsingham a service of information unequaled anywhere, England had always made it a central point of policy to find out what new instruments of power were arising and to get control of a goodly share of them while her rivals were merely thinking, talking, or at best planning. The dovetailing between the City and Westminster had always been remarkably good, considering the innumerable rivalries between different interests and factions. A degree of continuity in policy was attained, from dynasty to dynasty, from century to century, which, in all the circumstances, was astonishing. The art of propaganda, described as information, the subtle arts of harnessing whole classes of the population by creating fetishes of "what's done" and "fair play," the arts of acquiring coaling stations in sun-baked islands and vast colonies for "humanitarian" ends; these were the arts the English had mastered while the corresponding classes in Europe frittered away their best hours in essentially useless pastimes, in epigrammatic conversation, in listening to a Mozart quartet, contemplating an El Greco or brooding over the thoughts of Spinoza or Pascal.

It was a cardinal principle of the English ruling class that no individual should imperil the continuity of Imperial domination of the trade routes and vital crossroads of the world of commerce. They could all come along, invest in the Empire, settle in it, take away juicy profits and bulging percentages. The Empire could stand it; the Empire always got more than it gave because the Empire understood how to wait—even better perhaps than one of its greatest organized enemies, the Catholic Church. The Empire's basic principle demanded that no foreign-born financier should get too close to the innermost sources of effective power.

This Sir Henri Deterding, towards the end of the war period, perhaps threatened to do. He took an English title, rode to English hounds, wore excellent English clothes and glibly mouthed many an English sentiment and catch phrase. A great English country mansion at Holt, not far from Sandringham, country home of the Royal Family, in one of the most Anglo-Saxon counties of England, became his property. He had many of the outward characteristics of an English country gentleman.

But England feared him. He was a foreigner. He had a name which might mean anything. Gad, sir, asked the Blimps in their clubs and the stuffily orthodox small-beer financiers of the City, who *was* the fellow? His name and his connections proclaimed him to be a Dutchman, and he certainly seemed a possible enough person. But vague and horrible whispers circulated, mentioning tangled Byzantine genealogies, strange exotic names, Javanese grandparents. Was this the man who was all set to become the secret ruler of the Empire?

Anti-Semites, never lacking in English circles, whispered that the man was perhaps not a Jew himself, but most certainly was in the hands of the Jews; and it was notorious that a fiendish world-plot of huge-nosed Hebrews, scrupulously following to the letter the instructions of the Elders of Zion, were working for the downfall of society. This downfall was being worked on one flank, by wretched Yiddisher destroyers and Bolsheviks named Trotsky and Zinoviev and Bela Kun; on the other wing,

but miraculously to the same plan and to the same villainously coordinated end, by a tight little junta of a few score Jewish financiers operating from Berlin, Hamburg, New York and London. If you didn't like someone and couldn't show him to be a Jew, all you needed to do was to murmur knowledgeably: "In the *hands* of the Jews." *Someone* would believe you.

Yes, Deterding had enemies. The coal industry feared him and fought him and his influence in press campaigns and patriotic appeals to the nation to get its Navy back on to honest English coal and to keep, for God's sake, its railroads off oil. But the vast pressure of his advertisement departments kept Deterding's viewpoint well to the fore.

His allies were a considerable phalanx, and one which tended to grow and solidify in some very significant ways. Not only were many extremely influential financiers in Britain inextricably bound up with him, but tens of thousands of minor investors had put a few pounds into the shares of one or another of his subsidiaries. As his companies grew and his network of interests extended, so it became increasingly obvious that a Deterding collapse would have very serious consequences for the morale of the investing public. Hence Sir Henri had to be considered at all times.

In Holland he had waxed strong. Building a small and poky concern into an enterprise ranked in might with the great political powers, he had proudly remained a Dutchman, one foot in Europe and the other in London, straddling the Channel and impatiently contemplating the visible Universe. His organization was growing into a subtle, specialized, flexible "service," with its own diplomats, its own corps of crack technical advisers on this and that, its information services, its worldly linguists and high pressure sales experts. Men who had held the highest positions and known the most intimate secrets of state were glad to take salaried positions in his service. Very highly placed men deserted their King or President to work for the new master of men.

The war had gone well, pretty well. Though the actual distribution of the spoils was far from finally settled and it was

an open secret that a grim guerilla war was to be expected between the different "victors" before the map was recolored, it was apparent that Britain was going to do extremely well out of it. The Empire, thanks to the sterling efforts of Allenby, Townshend, Leachman, Shakespeare and T. E. Lawrence, was definitely "the man in possession" in the Near East, and no amount of talk would move her troops from Mosul, one of the most certain causes of the war.

The open war was over; the hidden war, between one victor and another, would now begin. Among the three most important Allied powers, the Empire, France and the United States, Deterding's commitments in the Empire were by far the greatest. In the prolonged maneuvers which were to be expected between the representatives of these "allies," his weight would be behind England; that went without saying. That was simple enough. The problem could be reduced to a few broad propositions. As for France, France had no oil to speak of and the task was simply to see that she developed no resources, or very few, of her own, and that she bought what she wanted for her very sizable motor traffic from Sir Henri and his friends rather than from any other vendor, and that she paid plentifully for it. As for the United States—well, the United States was a much bigger problem, but that could be taken care of, too, in good time and in proper order. The United States had to be drained, encircled, squeezed—always amiably, of course—and finally smacked just a little severely and told vigorously what she must do to atone for George Washington. And this time there would be no Lafayette.

That was clear enough. Not so clear was the line required for a new headache of Sir Henri's. Those absurd and repulsive Russian Bolsheviks were at the moment at the head of a government at Moscow which claimed jurisdiction over most of the Czarist territory. These fantastic, inexperienced political adventurers were not only contriving to hold their own but were, by clever Utopian promises and showy gestures to foreign working men, getting a good deal of support. This affected the balance of the world oil industry, by a cruel irony, very

much more radically than you might have expected. Not only was Russian territory extremely rich in oil resources, but the new government was quite resolved on nationalizing the extensive and important Caucasian fields round Baku in which millions of pounds of native and foreign capital had been invested, and on conducting the industry in the interests of the nation.

Sir Henri was convinced that such impractical and unscrupulous brigandry could not last. He knew that the great Catholic landowners and soldiers of Europe were in favor of a concerted and final attack on these barbarous and atheistic Moscow charlatans and usurpers; he knew full well that the bankers and industrialists of Paris and London were all for such a campaign. He knew the rabid consultations and the frenzied lobbying which was taking place in Downing Street, Westminster and the Quai-d'Orsay on this very question of restoring good government and Christian principles to the poor Russian people.

Above all, he saw that it concerned him desperately. It was simply sickening, really damnable that this quite unpredictable, insufferable thing should have happened to him just now. These yelling, shabby, grotesque bookworms, with their shrill talk of Universal Brotherhood and their maddeningly obstinate rabble armies *were holding him up*. They would not get out of Baku. It was true that they had not undisputed control of the oilfields, but it was obvious that there would be no peace in the Caucasus until this incredible Lenin and his bunch had been kicked out of Moscow once and for all. That was what needed doing; and the ideas that Lenin stood for, dangerous, ingratiating blarney that many ignorant working men in England and even Holland might fall for and take seriously—they needed crushing, too.

He knew that if these men were once stamped out, it would be Sir Henri Deterding who would be master of the Caucasus and her oil. Not at once, of course; but the familiar absorption of one competitor, the elimination of another, the friendly negotiation with another would get him there. Once master of Caucasus, he could control all Russia's endless reserves. He would

master Europe through his domination of her fuel, her power, her finance. He would then proceed to the final stages of his world plan. Weeding out and quietly eliminating the remaining American competition in Asia, he would advance across the Pacific to the encirclement of a dried-up and chastened America.

That was the plan. If it could succeed, Sir Henri would make himself a personal factor equal to whole empires in the direction of events. He would be able to take history in his hands and bend her. He would become the most powerful man in the world.

XIV

PLANS of the magnitude and scope of Deterding's post-war campaign need General Staffs. Sir Robert Waley Cohen and Walter Samuel, Second Lord Bearsted, have explained the distaste their concern feels for "politics." They like capitalism well enough, but capitalism isn't a question of politics; capitalism is axiomatic; it goes without saying. They don't like politics when it means argument, discussion, the advancing of facts and the analysis of policy and its consequences. But capitalism, to them, is a natural law—like gravity.

Sir Henri Deterding, on the other hand, occasionally has been heard to express an opinion on politics. His thoughts on democracy and communism we shall examine in some detail later on, the point now being that this father of a world-plan which could not possibly omit an intensive study and exploitation of politics from its orbit has not even attempted to affect, in spite of the assertions of his lieutenants, an indifference to politics. On the contrary. With the help of Sir George MacDonogh, former Chief of the British Intelligence Service, Deterding embarked on a pretty political game.

The British Intelligence Service, that extraordinary, elusive and genuinely melodramatic organization which covers the world in the service of the City and British interests, had been busy during and immediately after the Great War. In Russia in particular agents of every kind were snooping about, at first trying to prevent the Revolution, later trying to overturn it. Everyone with half a wit was enlisted in the effort. There were two important things: to disseminate information, meaning propaganda and occasionally lies; to collect intelligence, i.e., to spy. In France spying is considered contemptible, unworthy of

the capacities and honor of a man; but in England, so widely and effectively diffused is the conception of the identity of interests between the Government and the people (a more fatuous illusion will not be met in a hundred days' march) that even the supposedly intelligent entered the Secret Service in the altruistic conviction that they were doing a fine and patriotic duty. Authors in particular were harnessed. Sir Gilbert Parker trotted round the United States making a digest of American newspaper comment and the factors which created a molded public opinion—i.e., public ignorance, prejudice and misconception—on the war.

John Buchan, trim, tight-lipped, mincing Scot, held an important position in the direction of British propaganda, and in due course graduated to the Governor-Generalship of Canada. Hugh Walpole, amiable, apple-cheeked chronicler of the lives of Cathedral towns, found himself on a "mission" in Russia. Compton Mackenzie, as romantic as you like, handsome and dashing, was busy in the Eastern Mediterranean. Dapper little Willie Maugham, always game for a new slant on the human animal and its imbecilities, hung around Lake Leman for months on end, watching the Swiss taking their neutrality for a walk every evening and concluding that life as a spy must be as dull and as daft as he depicted it in *Ashenden*. Later—Maugham told me this himself—he went to Russia, in 1916, to size up Kerensky and Savinkov for Whitehall. Returning with a full report, he interviewed Lloyd George personally. The Welshman, however, tactfully avoided the subject of the report and merely complimented Maugham on his plays. The Maugham report on Boris Savinkov remains unread, a virgin manuscript. A. E. W. Mason, spectularly handsome author of a novel showing how Walsingham, creator of the Secret Service, saved the Empire in 1588, was hard at work for its modern counterpart. (Later the novel was filmed as imperialist propaganda, as *Fire Over England*, with Walsingham, its central character, ignored.)

In Russia desperate attempts were being made, by various missions sent for the purpose, to prevent the Bolsheviks from

taking power. One of these was headed by an icy little man of immense intelligence and great ability named Hoare, Sir Samuel Hoare. Sir Samuel—"Minor Hoare" as against his cousin Major Hoare, director of British capitalism's own domestic espionage service against Labor, the Economic League—found Secret Service work extremely interesting and has written an engrossing, invaluable and little-read account of his year in Russia, *The Fourth Seal.* Sir Samuel tells us just how he was enlisted and gives us a good deal more information about how the British Intelligence Service works than one is accustomed to expect from so formidably discreet a diehard as himself. He gives us some account of the organization and wartime growth of the three branches of the Intelligence Service: the Military Intelligence under the War Office; the Naval Intelligence, under the Admiralty; and the Secret Service proper, ostensibly under the War Office, but actually serving many masters. Sir Samuel makes it perfectly clear that the colorful and much ridiculed pen pictures of the all-embracing power, activities and resources of the British Intelligence Service produced by excited French journalists are not nearly so wide of the mark as it is customary to pretend they are. Of the head of the whole caboodle, of the nameless "remarkable personage" who coordinated British secret activities all over the world, Sir Samuel, after fumbling coyly for a sentence or two, gives us this picture:

"In all respects, physical and mental, he was the very antithesis of the spy king of popular fiction. Jovial and very human, bluff and plain speaking, outwardly at least, a very simple man; who would ever have imagined that this was the chief who conducted the British 'Business of Egypt,' and employed secret agents in every corner of the world?"

Hoare also offers sketches of the heads of the other two branches of the service. Sir Reginald ("Blinker") Hall, the Admiralty genius who fooled the Germans hard and often, is already fairly well known. Not so well known is the head of the Military Intelligence department, Major-General Sir George MacDonogh, a man of importance who has a definite place in this story.

Sir George MacDonogh was and still is a very remarkable man. Outwardly the typical blustering brass-hat, he is in fact a man of extraordinary qualities, a first-class lawyer and a man with enormous knowledge of political and economic trends. Handsome and massive, he has been described as possessing a big, bluff, genial presence, all of which must have been to the good. Beneath this amiable surface a shrewd and trained brain functioned, a crisp and fanatical intelligence of intense force. A Catholic educated at Beaumont College, Sir George grew up with the preconceptions common to those molded by Jesuits. Sir Samuel Hoare looks up to this "officer of varied training and almost encyclopedic knowledge.

"On the one hand, a professional soldier of distinguished service, and a trained Staff Office of broad experience, on the other, a man of wide political knowledge, who from the early days of the crisis grasped the new fact that the struggle was not so much a war of armies as a war of nations, that the rear was often as important as the front, and that civilians could sometimes play a part in the world of Intelligence that was denied to professional officers of more restricted training. Inevitably, some measure of professional jealousy and exclusiveness existed in the General Staff. How well could it be otherwise? Regular Officers would not have been human if they had not occasionally resented the intrusion of amateurs who had passed none of the searching tests to which they themselves had been subjected. But, speaking generally, it may be said that of all the departments that underwent extensive expansion during the war none was more ready to open its doors to men of every walk of life than the General Staff, and no chief was more anxious to utilize the services of politicians, men of business and members of the civil professions than Sir George MacDonogh."

He was a splendid fellow, indeed, and his value to King George and the men behind King George was considerable.

But the war came to an end, and Sir George left the Army. There were organizations which had room for a man like this.

Shortly, the announcement was made; Major-General Sir George MacDonogh had accepted a post as "political adviser"

(the expression is that of the Conservative *Daily Telegraph*) to the Anglo-Saxon Petroleum Company. The Shell people believed in "keeping out of politics," but they liked the best men for their associated companies.

It was reported that Sir George's salary would be £4000 a year. The *Telegraph* agreed that his new position would offer excellent openings for the exercise of "his polyglot abilities," and the *Sunday Times* agreed that this was "a man of brilliant intellect and remarkably well-informed."

Deterding had enrolled in his service a man who had had unique opportunities of searching out the way in which events shaped themselves, the true balance of forces, the actual seat of power. Now if there is one thing that Secret Service men are supposed to do it is to keep their mouths shut, and if there is one other thing certain it is that sooner or later they open them. Sir George disapproved of this strongly, but did it himself. Some months before signing up with the Anglo-Saxon, he had addressed the Royal Artillery Institute of Woolwich, on November 15th, 1921, on the subject of the British Intelligence Service, which he considered had done far better work during the war than the German. Sir George, expanding his splendid torso, "thought he might claim to be its founder, at any rate, in recent times, and he received inestimable service from it during the war. The Service had one great value—to act as a test of the reticence of those connected with it, and he much regretted that many distinguished men had failed when that test was applied to them. All that he intended to say of the Secret Service was that its essence was secrecy, and the less said about it the better. . . . The British Intelligence Service was the best in the world. . . . He was its father, and he was more than proud of his children . . . he thanked them from the bottom of his heart for all they had done for the glory of the Empire and the honor of the British name." * (Hear, hear.)

Without a doubt Sir George has kept silence with notable success since that day. But a man is not paid £4,000 a year for nothing, and the reader will use his own discretion in deciding

* Report of the speech in the London *Times*.

to what extent the hand of this employee, utterly unknown to the ordinary man even in England, may be seen in the actions of Sir Henri Deterding recorded from this date onwards. An indignant French writer knows what *he* thinks: *"Ce MacDonogh est un chiappe supérieur qui a quitté le service de George V pour celui de Deterding. Il est l'un de ceux qui orchestrent internationalement la campagne systématique d'aggression contre l'U.R.S.S."*

What did Sir George do? The father of the British Intelligence Service found himself in the witness box some years later, being questioned by the Attorney General in a case concerning the Astra Romana company. In reply to a question, Sir George, acting nobly up to his own precept of discretion and reticence, said, "It is difficult for me to give a complete list of all I've done since I joined this group."

Of course, it *would* be difficult. It is also difficult for us to trace his actual deeds, for he has been tight-lipped. But we may speculate on his motives. As a good Catholic, Sir George would naturally attach some importance to what the Pope and those around the Pope had to say; and if there is anything on which the Pope is distinctly articulate, it is the awful menace of atheistic Communism. The Pope is perfectly clear, is he not, on what Catholics are to do. Has he not laid it down, in his encyclical letter to his venerable brethren dated May 15th, 1931, that "no one can be at the same time a sincere Catholic and a socialist properly so called"? Has he not said over and over again that the struggle against Marxist materialism, its "great financial resources," its "propaganda so truly diabolical," its "hatred and savage barbarity" is the one outstanding duty of all good Catholics? "The most urgent need of the present day is therefore the energetic and timely application of remedies which will effectively ward off the catastrophe that daily grows more threatening."

So said the Pope on March 19th, 1937, as Franco murdered the women and children of Spain.

Some years previously Sir Henri Deterding had the privilege of an audience with Pope Pius XI, and although he does not

tell us what they talked about, Sir Henri assures us that he left the Pope, who had praised Sir Henri, "feeling that never had I met anyone more human or whose conversation was illuminated by more practical, sound sense."

Now Sir Henri is not a Roman Catholic, so he did not visit the Pope for the good of the soul of either. And I feel quite sure he did not go down to the Vatican to sell the old gentleman a drop of gasoline for his car. There must have been some other interest in common, and there are indeed a number of pressing issues of the day upon which these two prominent men feel as one.

The Papacy, of course, has a foreign policy, and it is no secret that this policy and much else besides that emanates from the hallowed precincts of the Vatican City is the creation of that influential fellow, "one of Europe's major statesmen," Eugenio Cardinal Pacelli, a tireless traveler and organizer of reaction. When the advance guard of "Atheistic Communism" represented by the Red armies of Tuchachevski and Budyenny threatened Warsaw and Europe in August, 1920, the good Cardinal was close enough to feel their breath beneath his collar, and the sensation has never left him. Curiously enough, Achille Ratti was there, too—the man who two years later was to be elected Pope. Lord D'Abernon, who has recorded those historic incidents, reports that the Papal Nuncio at Berlin named Pacelli was "young and very intelligent."

To stave off the threat to the established regime and to all they held sacred, some important Europeans rushed to Warsaw. Sir George MacDonogh's good friend, Sir Maurice Hankey (the power behind the British Cabinet), Sir Percy Radcliffe, Lord D'Abernon, M. Jusserand and little Maxine Weygand, Europe's greatest soldier and a bit of bandy-legged Catholic dynamite, were among the hurrying defenders of capitalism.

The Reds were defeated that time all right; but from that day to this orthodox Catholics have been in no doubt as to who is the enemy; and anyone who, for whatever motive, should want to organize attacks in any form on the U.S.S.R. has been able to rely on the support of the Catholic Church with

all its power, experience, strategy and dead weight of three hundred million virtuously obedient members. And that is not a bad asset to have in any fight.

How fortunate, then, was Sir George that there was no conflict in his motive for hating the U.S.S.R. His conscience informed him that the Bolsheviks were wicked, merely sordidly materialist gangsters; and his interest informed him crisply that the Anglo-Saxon Petroleum Company would be all set for the earthly paradise if only it could get Baku's oil!

Enough of Sir George's churchly impulsions. We shall soon get from motives to deeds. Totally unknown to the masses, he has played his part in history. His efforts "for the glory of the Empire and the honor of the British name" did not fail to bring him a certain meager worldly reward. Collecting a few lucrative City directorships (though not coming within miles in this respect of his former Army colleague and fellow associate of Deterding, Sir Henry Arthur MacMahon), he finally rose to the position, in 1933, of President of the Federation of British Industries, the strongly fortified and blatantly militant organization of the biggest and most bullying businesses of Great Britain. The Federation, too, could use Sir George.

The British Secret Service fought valiantly against Russia, but really it did not seem to be as efficient as it might have been. At Helsingfors, at Geneva, at Warsaw and Danzig and Berlin and Stockholm, its agents, both British and foreign, hatched plots and grumbled. Churchill, ever on the lookout for a Napoleon through whom he could vicariously experience the ecstasy of a successful march on Moscow, found the preening, melodramatic clown Boris Savinkov, and showed him to Lloyd George at 10 Downing Street; the Premier, however, who had already been the victim of a flyblown "open letter" from Savinkov, was more interested in Welsh hymns that evening, showing for once excellent judgment. The extraordinary Sidney Reilly-Rosenblum, an adventurer who frequently embarrassed his colleagues, as Bruce Lockhart has testified, was in and out of Russia with indefatigable energy, always organizing something big that never came off. Sir Paul Dukes put on some weird and

wonderful disguises and got jobs of all kinds in the Soviet organization. The ineffable Elvengren, too incompetent to hold a baby without dropping it on its skull, foozled the intended assassination of Chicherin at Berlin.

And there were many others on the job, and some not such mugs. The war between Britain and the U.S.S.R. went on remorselessly, by forgery, intrigue, sabotage and propaganda.

The whole thing must have been of the utmost interest to Sir George MacDonogh and to Sir Henri Deterding, whose long, devious and bitter economic war against Soviet Russia, to be recorded in later chapters, was just beginning. It is possible that the recruitment into temporary service of the Royal Dutch-Shell of a certain Sidney Russell Cooke may well have been one of Sir George's notions. The section of Cooke's story pieced together here is done, so far as I know, absolutely for the first time.

When the ambitious sculptress and celebrity-hunter, Clare Sheridan, got into Russia in 1920 she had been very friendly beforehand with a young man named Sidney Russell Cooke; it was he who saw her off to Russia. The Bolshevik leaders humored Mrs. Sheridan ("it is the psychology of people that interests me, not their politics," is a typical remark of hers), and she got extremely friendly with many of them, notably Krassin, Trotsky and Kameniev. But she suddenly found them suspicious of her one day—and not merely because she happened to be a relative of Winston Churchill (they had got used to that).

She was breakfasting with Litvinov and others. "Suddenly, without any warning, he sat back in his chair and fixed me with his small eyes: 'Do you know a man called Russell Cooke?' he asked. It was a rather surprising question, and I admitted that I knew a very young man called Sidney Russell Cooke. Though why Litvinov should have heard of him I couldn't imagine. He went on to say that Kameniev knows him. I said yes, that Kameniev had met him through me. Litvinov said: 'He is in the British Intelligence Service, isn't he?' I confess to a slight shiver down my spine when he said this; but I

refuted the statement. I said that as far as I knew (and it hadn't interested me very much) Sidney Cooke was working in the City awaiting a propitious moment to plunge into rather Liberal politics. Litvinov gave a sort of grunt, which denoted nothing at all, and refused to be drawn any further on the subject. But something seems to be in the air, and I cannot tell what it is."

Elsewhere in her book Mrs. Sheridan informs us that Cooke had been Premier Asquith's private secretary. In fact, he had been in the Military Intelligence department of the War Office during the war, and so under Sir George MacDonogh.

In 1923 a book was published in London by the reputable firm of Macmillan which gave an interesting and well-written account of certain aspects of the oil industry. It was called *The Oil Trusts and Anglo-American Relations*, and its authors were E. H. Davenport and Sidney Russell Cooke. It gave away a lot of interesting facts about the relations between the British Government and the oil industry, and the burden of its song was that it would be a fine thing (for Anglo-American relations, too—funny thing) if the British Government were to stop taking active part in the oil trade, i.e., to sell its share in the Anglo-Persian Oil Company. The whole case was put quite disinterestedly, it appeared, and the writers seemed to have just those splendid public-spirited motives which the Shell company assures us actuated the Shell company during the war. Later on it transpired that it was common knowledge in oil circles that the book was written by arrangement with the Royal Dutch-Shell group. Far from the British Government having bought control of the Royal Dutch-Shell, it was the latter, and particularly its most ambitious head, Sir Henri Deterding, who wanted the Government's not-for-sale share in the Anglo-Persian. The moment it was thrown upon the market, he was confident that he would know how to deal with it. Although this valuable block of stock was never sold, some interesting and significant advances in cooperation were made—of which more later.

Like so many talented young men who want to plunge into rather Liberal politics, Sidney Russell Cooke had that neat flair for acquiring directorships. He scarcely made news again until

a day in July of 1930, when his maid found him dead in his flat in the Temple. His friends agreed that he was excitable and temperamental. But, testified his widow, he had "seemed perfectly easy about everything." He had a charming wife and two children, a yacht and a country house in the Isle of Wight. He had directorships; he had brains and wit, good looks and friends; he was a barrister and he was on the Stock Exchange. He was doing fine. He had everything. But he was dead. He left £120,098.

They said it was "Accidental death." It was a pity that one so young and gay should have died like that.

XV

IN HIS onslaught on the post-war world, Deterding had many tasks. He wanted to capture the market in as many of the countries of the world as possible, to smash all his competitors or force them to come into his circle on his terms. He had to combat ideas as well as organized commercial rivals. He had to adapt his policy to time and place. He needed, and he engaged, the necessary experts. Every branch of economics and politics was his concern; all his life became bound up in his work. It was true that he played hard and enjoyed sports, but his leisure activity was no end in itself but merely a necessary means of refreshing himself, of restocking his energetic body with the fire and stamina to carry on with his plan. That plan had many aspects, many scattered phases, many variegated problems conditioned by local peculiarities and day-to-day experiences. But certain broad major "musts" stood out; the hammering of America; the extension of his influence in London and the British Empire; the reduction of France to the level of a tributary; the resumption of normal, i.e., capitalist, conditions in Russia. He was out to shatter the Monroe Doctrine, to become a great personal force in the affairs of the British Empire, to make France eat out of his hand, and to get absolute control of the great Caucasian oilfields. These very considerable ambitions had to be pursued simultaneously. No one should say that Deterding was not a hard worker.

We must examine the steps he took for the fulfilment of each ambition. Whether by instinct or on expert advice, he soon realized that the Russian question was of the essence of the problem. Not only the future of Sir Henri Deterding's Royal Dutch-Shell, but the future of Europe and of the whole world

would turn on what happened in Russia. And his schedule required the control of Baku.

After the war of 1914-1918, Europe turned out such colorful and magnificent Liberal statesmen as David Lloyd George, General Smuts, President T. G. Masaryk and Eleutherios Venizelos. What fine fellows they seemed; what splendid speeches they delivered; and what a bloody mess they made of the reconstruction of Europe.

At Genoa and at the Hague the oil of Baku was fought for. For a long time some very dignified attempts were made to pretend that the Conferences were all about something quite different; but in due course the bluff was practically abandoned, and the oil magnates virtually left to settle the issue themselves. Louis Fischer has summarised the Genoa Conference as "the first wholesale attempt of the big oil trusts, acting with the support of their respective Foreign Offices, to establish themselves in the Caucasus by peaceful means." He adds that ". . . neither the question of, nor even the term, Russian oil, was ever mentioned at any of its plenary sessions or in any of the notes and memoranda exchanged by the several delegations." Some bulky eminences in statesmanship were there: Lloyd George, Louis Barthou, Chicherin, Litvinov, Krassin, Rakovsky, Rathenau and Benes. The United States was represented by an "observer" who, regardless of his apparently innocent title, had a very big say in everything that went on at Genoa and finally helped to wreck the conference. Some sort of agreement, even if temporary and inadequate, had been arrived at regarding the control of other oil-bearing parts of the world; but Standard and Royal Dutch-Shell were both heavily involved in the fate of Baku.

A. C. Bedford, nominal head of Standard Oil's direction, was alarmed over what his rivals were up to. He knew what was going on and he knew that a certain romantic and colorful figure, Colonel Boyle, who had been prominent in the Klondyke Gold Rush, had been negotiating with the Soviet Government on behalf of the Royal Dutch-Shell for some time. In London,

the impressive and handsome Leonid Krassin represented the Moscow Government. Krassin knew the world of business and spoke its language. He had represented the great German electrical trust, the A.E.G., at Baku before the Revolution, and had assisted the Bolsheviks there by controlling the electrical power of the city in their interests. Colonel Boyle handed to Krassin a letter from the long-nosed Foreign Secretary, Viscount Curzon of Kedleston, who, though he was to boast later that he had never spoken to an oil man in his life, did not wince at signing a letter giving official British support to Deterding's attempt to get in on the ground floor in the Caucasus. Colonel Boyle's letter said:

"The Marquis Curzon of Kedleston is informed by Colonel J. W. Boyle that the Royal Dutch-Shell group are anxious to obtain a concession from the Soviet Government for the production of oil from their properties in South Russia and Caucasia.

"I am directed to inform you that it is with the full approval and support of His Majesty's Government that Colonel Boyle has addressed himself to you on this subject. His Majesty's Government trusts that these negotiations may result in an early and satisfactory settlement. . . ."

Krassin's secretary replied to the effect that Krassin would be willing to talk. He referred to "the oil wells formerly owned by them in South Russia and the Caucasus." The difference of attitude was to have important consequences.

Mr. Bedford knew about all this when he gave an interview to the *Times* on April 12th, two days after the opening of the Conference. "We feel," he said, "that there should be no attempt at the Genoa Conference, or through private agreement through various nations, to exploit the resources of Russia; but that it should be understood that a fair and equal economic opportunity should be preserved for all concerned."

At last Standard Oil was beginning to look round the world for oil to burn when America's had gone. Panicky voices were saying that that would be soon; and now Standard was finding, just as it was feared, that Deterding had planted his stakes

everywhere—first. By this time Boyle was in the Caucasus, engaged on what Cooke and Davenport have called dangerous missions. The negotiations in London, which had passed to the Royal Dutch-Shell principals, had become "somewhat strained."

As we have seen, even before the Russian Revolution Deterding, by making substantial purchases from the Rothschilds, had become a heavy investor in Baku oil. But after the specific and quite categorical nationalization of the oilfields by the Soviet Government, he had deliberately set about increasing his paper ownership: i.e., he had bought up the rights, for whatever they might in the future prove to be worth, of native Russians who had left the country and were willing to sell out. He had thus acquired a definite vested interest in the failure of the Soviet Government, or in its subsequent recognition of private property rights. Several very small concerns were bought outright and in July, 1920, he bought, through the Bataafsche, big blocks of shares in the companies "owned" by Mantacheff and Lianosoff, both of them now émigrés in Paris.

And to show that he briskly meant business and wanted to produce oil and export it in a big way as soon as possible, he bought, through Shell, the paper rights to the Nikopol-Mariupol Pipe Factory, largest thing of its kind in Russia.

But Standard too was at last entering the international field. The company which had bled America of oil to sell to the world now saw the future as grey and depressing. At best it might bleed the world to sell to America. The future might indeed compel America to import oil for her own needs. Even before the Great War had given the Russian people their opportunity to abolish the Czar, the capitalist regime and the wretched exploitation of their country, Standard, it was rumored, had taken an interest in the Nobel concern, potent in and around Baku. Early in 1920, according to Standard's own statement (*New York Herald*, Paris edition, May 13th, 1922), a sale was made to its representatives of a half share in the enterprise which before the war had controlled 40 percent of Baku's total output.

And the two giants of the capitalist world, impatiently brush-

ing aside the public statements and actions of the Soviet Government within whose territories these oilfields stood, were not alone in claiming a finger in the Caucasian pie. Before the Genoa conference opened, claims to oil property in Baku, Maikop, Grosni, Emba, etc., were registered by 160 concerns. These properties had been nationalized by the Soviet Government, but the oil industry outside Russia would not take this action as legal. Shares in Caucasian oil companies continued to be the subject of investment and speculation on Western European exchanges.

The Soviet Government was perfectly willing to grant concessions to foreign capitalist concerns. As Marxists they disliked doing this, but they were practical men, and they knew that backward, medieval Russia had little to sell to the outside world at this stage. Oil was one of the Bolsheviks' most powerful levers for bargaining for the diplomatic recognition and foreign commercial relations they wanted badly if construction and planning was to be put under way. Lenin was a practical statesman if ever there was one. Baku had been smashed about; its plant was inadequate, the available technicians failed to satisfy either qualitatively or quantitatively, the transport system had been shattered by Denikin's civilizing armies. Much as he and his colleagues longed to keep the wealth of the Caucasus for their own country and the magnificent projects they were nursing, they felt that this was impracticable. At Genoa Krassin told a representative of the Paris *L'Information* that his government was in favor of giving interests in the Baku and neighboring oilfields to France, England, Germany, Italy, Belgium and the United States. The concessions would be for a limited time, and would not by any means cover the whole of the oilfield. Something would be reserved for Russia's own requirements, for the demands of the great industrial nation they intended to create.

This condition was too much for the capitalist mind. Its natural and inevitable greed forced the rejection of the reasonable and sane Bolshevik proposal. The failure of the deal is not without interest; it has its lessons.

By the time that the Genoa conference opened, on April 10th, 1922, every newspaper in Europe pointed out that the scramble for the oilfield which could decide the future balance of power had become its true issue. "Observers" appeared in little batches, well-dressed men with authoritative manners, secretaries, dispatch cases; they took excellent suites in the best hotels, because most of them were important magnates of the oil industry or their agents. The correspondent of the *Manchester Guardian* saw that, "with Russia represented, . . . one of the most important points for discussion is oil." Four days before the conference opened, the German industrialists' newspaper, the *Rheinisch-Westfälische Zeitung*, had commented: "There are people who believe that the history of the Genoa Conference will be written in oil. The conference will really be the scene of the struggles between the Standard Oil and the Royal Dutch companies." Within three days of the opening of the conference, the peak-bearded Wickham Steed, editor of the *Times*, admitted that the Bolsheviks "are the arbiters of the conference."

The early days produced a famous bit of cross-talk between Barthou, Lloyd George and Litvinov. Lloyd George informed the Bolshevik that Britain's claims on Russia had been estimated at £2,600,000,000. Litvinov coldly replied that he estimated the damage to Russia caused by English troops and their allies during the 1918-1920 period of the Civil War at £5,000,000,000. Upon which M. Barthou said that the weather was excellent.

Although worsted in this little bit of backchat, Lloyd George remained conciliatory; the main issue for Britain, after all, was privileged treatment in the oil regions. For that he would waive academic questions of the right of governments to confiscate the wealth of their nationals or of foreigners. Britain was willing to talk on a basis of a ninety-nine-year, face-saving lease. Belgium, chock-full of socialists only too ready to follow the Russian example, shrilled that the absolute recognition of private property rights in Russia and everywhere else was essential. The argument grew hot, and the French sided with Belgium.

What really was happening was that the politicians' controversy over theoretical questions was serving as a screen for the direct struggle between rival groups for special, decisive advantages in Russian oil. In the middle of it, the action of the German statesman, Walter Rathenau, in recognizing the Soviet regime on behalf of the German republic in the Rapallo Treaty maddened the French and Belgians still further. The amount and fervor of this opposition, as contrasted with the transparently hypocritical protests of the English, was in due course explained by the fact that the French and Belgian delegations were serving as "front" for the efforts of the Standard Oil people to oust the Royal Dutch-Shell from favor.

The Berlin *Lokal Anzeiger* quite openly stated that it was undoubtedly the interests of the Standard Oil which were actuating the French and Belgian delegations in their insistence on the recognition of private property rights. For a long time neither bloc could succeed in crushing the opposition of the other. The Paris *Temps* then carried an emphatic claim by its Genoa correspondent, Henri Rollin, that the Shell people had definitely been given an all-inclusive concession to the Caucasian oilfields. The statement was a sensation, but denials were immediately forthcoming. On May 2nd Reuter's Agency reported: "The Russian delegation flatly denies that any concession has been made to the Shell Oil and the Royal Dutch companies, though Mr. Krassin today admitted that the Shell, the Royal Dutch and the Anglo-Persian Companies have been negotiating with the Soviet authorities on the subject. . . ." It added that it was unlikely that the Russians would give any comprehensive concession. There were rumors and denials at Shell House in London. Colonel Boyle, who had been in the Caucasus, said he was in constant touch with Krassin, but that the political difficulties were the cause of delays. But, through the adventurer who had made a famous rush to Klondyke in earlier days, Deterding was willing enough to come to terms with the Soviet Government; that fact emerged from the vague haze of rumor and confusion of Genoa. By this time the importance of oil at the conference was becoming known to the public. The

French were disturbed, and Barthou hastened to Paris to confer with Poincaré. On May 7th, the Paris correspondent of the *Times* reported: "The press is full of oil today—movements of oil magnates and alleged draft agreements to sign which the Bolsheviks are only awaiting the end of the conference. While it is impossible to exaggerate the importance which oil may have in a future Russian settlement, it is clear that, having regard to the great conflicting interests involved and the difficulty of checking statements presumably made with the object of promoting or countering the aims of various actual or potential concessionaires, views on this subject need to be accepted with the utmost caution. What is certain is that the French have at last awakened to the desirability of being specially represented at Genoa in the matter of oil, and M. Laurent-Eynac, Under Secretary of State for Aeronautics, has gone there to keep an eye on the proceedings of foreign oil negotiations."

The comedy went on, act by act. The farcical situation intensified; it was not the Bolsheviks, the wicked robbers, who caused the chaos, the bitterness, the intrigue, counterplot, rumor-peddling and confusion. It was the capitalist groups; the innate anarchy of their system made desperate oligarchical rivalries inevitable. The hostility toward the Anglo-Dutch group of the Standard interests, except Teagle's New Jersey Company, which was in favor of a deal with Deterding, was so intense, and the strategical and economic value of Baku and Grosni was so great, that each would prefer and did prefer to sabotage the other's progress rather than take merely a share. Precisely as any intelligent student of capitalist practice would expect, each wanted all or the overwhelming bulk of the prize at stake.

But Deterding was still not in despair, and he was prepared to have a good long shot at getting that oil by negotiation rather than by military conquest. It is and always has been an error to suppose that oil magnates "want war." Far from it; they do extremely well in peace time, and are continually finding new and vastly important outlets for their product. What is true is that they do not stop at war if they cannot attain their objective by other means. And that is important, because

oil magnates, as one of their semi-official spokesmen, Mr. A. C. Hardy of the London office of *World Petroleum* has very frankly said, know all about "inspired politics" and have ways and means of bringing pressure to bear. At this stage they were bringing pressure to the Russian bear.

French and Belgian holdings in pre-revolutionary Baku were small, yet the governments of those countries made a very big shindy at Genoa, and it has been almost unanimously held that they were in fact acting as stooges for Standard Oil. Lord Riddell, proprietor of the yellow *News of the World* (four million copies every Sunday) and confidant of Lloyd George, was in Genoa when his paper announced: "The Standard Oil Company, one of the greatest secret forces in the world, is now fighting to prevent a Russian settlement on lines which they believe would give British oil interests virtual control of the great Russian oil industry." Certainly Standard had every reason to fear such a settlement, which might have adversely affected the future not only of that corporation but of the United States as a whole.

Krassin had made it perfectly clear, for example, in an interview with *Le Matin* of Paris, that his government intended giving shares in the industry to different countries—to Britain, France, America, etc.—while the U.S.S.R. itself retained control of a part. Also the former Russian owners might be allowed a share, in lieu of compensation. But this plan, which incidentally assumed a single technical management of the oilfields, wasn't good enough for Deterding. That was not what he had schemed for. He had worked on Baku before the Great War, he had engaged Boyle and others, he had understandings with various permanent officials. This was to be part of the British Empire's final conquest of the Near East and the decisive step in the dismantling of Russian might.

The British delegation threw a spanner into the Standard works by getting a clause introduced into the proposed agreement between the capitalist groups and the Soviets defining a former owner as an individual or group which had held property in Russia before the Bolsheviks' nationalization act of

1918; and the concession was to go to these former owners. The clause would have barred Standard and various small French groups from participation. The Soviet Government agreed that in buying the Nobel properties in 1920 Standard had bought something it knew to have been nationalized, and it would have to take the consequences.

Soon after this America definitely threw her weight into the Genoa scrimmage by giving formal negotiatory powers to Richard Washburn Child, the United States Ambassador at Rome, the gentleman who gets lyrical at the mention of Benito Mussolini. Already Britain had had a good deal of trouble in settling American claims to a share in the oil of Mosul, and the State Department was very clearly and insistently indicating its determination to share, step by step at least, with Britain in anything new that might be going in the oil business. Wickham Steed's dispatches to the *Times* consistently gave the American point of view with surprising sympathy.

A. C. Bedford of Standard had been conferring with the lofty Charles Evans Hughes, then Secretary of State at Washington, informing him that it would be a very serious thing for America if Britain got away with the plans she was hatching for monopolizing Near Eastern petroleum fields. Hughes reassured him, promising him that no arrangement excluding America (i.e., Standard) would be tolerated, and the ship of state, in the person of Ambassador Child, cruised into Genoa. George Slocombe, writing in the *Daily Herald* on May 15th, reported that French proposals for re-examination of the whole question had in fact originated in Child, who had got them from the Standard Oil people.

Child and Barthou, a pair of out-and-out reactionaries, had a scheme for suspending all treaties with Russia (including the Rapallo Treaty between the Bolsheviks and Germany) and the exclusion of Russia from committees to be set up at the new Hague Conference,* which was to examine all questions of

* Before the failure and adjournment of the Genoa Conference on May 19th, 1922, it was decided to call a new conference at The Hague to reopen the entire Russian question—which, as we have seen, meant the question of oil.

private property, debts, etc. Chicherin described it to Slocombe as "a return to the blockade of Russia." At this stage the most unyielding point of view towards dealings with the Bolsheviks was that supported by America, and while it purported to base itself upon altruistic arguments, in fact it was nothing more than the diplomatic reflex of a Standard maneuver to stall for time while the Royal Dutch-Shell was trying to woo the Red government.

The Bolsheviks were not prepared to give in to the Standard-French viewpoint, because, poor though they were and extremely anxious to get credits and loans and technical assistance in the development of industry, a surrender on that private property issue would have meant giving up some of the fundamental Marxist principles upon which the Revolution had been made. Broadly speaking, an impasse had been reached. Both Standard and Royal Dutch-Shell hoped to get the overwhelming bulk of Baku's oil, but the two groups held different beliefs and so adopted different policies. Deterding and his associates wanted that oil now; the purchase of the pipe factory showed his overweening anxiety to get going, to produce on a really big scale and to flood the world markets he was trying to capture. He believed that this victory would turn the scale in his struggle with the Americans. Standard's view was that relations with Russia could wait. Its advisers, business men like Vanderlip, at whom the Bolsheviks had laughed during his stay in Moscow (so did Clare Sheridan), believed the regime was doomed to certain failure, and the Standard policy was to wait and watch, and perhaps to partake in a little boycotting and freezing-up of sources of trade. At the right moment, when the starving Bolsheviks, cap in hand, humbly admitting their error, begged for any terms, Standard would step in and take over Baku. Because Standard now, rather belatedly but very definitely, had a world plan. The key to that policy was the frustration of Royal Dutch-Shell moves.

Lloyd George, his political future in the balance, tried desperately and vainly to keep the conference together. The Bolsheviks would not give in on the private property issue; to

have done so would have been to throw away their guiding principle, upon which their internal and external prestige depended.

The crowd re-assembled at the Hague to try to find a way out. The really big names, however, were not there. This time smaller fry ran the show, little-known officials and politicians; but the oil men, the very mightiest of them, were there, and were becoming more and more open about their business. Sir Henri Deterding was at the Hague himself; so was his colleague, Sir Walter Samuel, the new Shell head and son of Sir Marcus. Colonel Boyle was there. Standard had men there. Charles Laurent and Louis Lambo, heads of the Franco-Belgian Syndicate, turned up. The politicians were men much less prominent—MM. Alphand and Cattier and, for Great Britain, a certain Sir Philip Lloyd-Greame who subsequently changed his name and became a big man in the tin industry and, as Sir Philip Cunliffe-Lister and later Lord Swinton, a typical hatchet-faced English Cabinet strong-arm man. Everyone was sick of the protestations of oil magnates that they were on holiday or seeing friends. The *Oil News* of London even remarked: "The Genoa Conference was remarkable for the number of important oil representatives present in its environs who one and all declared that they had not come there to talk with anybody concerning petroleum affairs. We hope that similar denials will not be forthcoming from the Hague, where oil representatives of a certain specified type and of cosmopolitan belongings have been observed to be busy."

Samuel and Deterding contended astutely that they were in the Hague merely on ordinary business; why not, since it was the headquarters of the Royal Dutch? But no one believed them. Boyle meanwhile had taken a suite in the hotel at which the Russian delegates were expected.

The British and French governments had already been exchanging acid notes on the question of private property in Russia, with Britain blandly defending the Bolshevik's right to nationalize. Now, because Deterding wanted Baku and Britain wanted him to have it, Downing Street admonished the Quai

d'Orsay thus: "Every state has the right compulsorily to acquire private property, whatsoever its nature, on payment of just compensation. . . . Whether the Russian government makes restitution of private property alienated from its owners, or pays compensation for, is solely a matter for the Russian government."

On the very day that the Hague Conference began to deliberate, June 15th, 1922, an important meeting took place, under the leadership of M. Laurent-Eynac, at which the Franco-Belgian Petrol Syndicate was organized. He reported that: "In the first place, we set on foot a plan for a union between the Belgian and French groups which will have two principal purposes: (1) the protection of rights acquired before the war as well as rights purchased subsequent to 1918 from the former proprietors, and (2) eventually, the concerted exploitation of the oilfields which belong to the citizens of both nations." The chairman was to be M. Louis Pineau, a prominent French official. The syndicate consisted very largely of owners of rights acquired *after* the Revolution, and was therefore compelled to assume a diehard attitude on the private property issue.

As the Hague Conference got under way, the nakedness of the struggle for oil became more and more marked. The Soviet delegates, led by Litvinov, arrived on June 26th, and very quickly made their Government's attitude on loans, debts, credits, etc., clear. Bluntly, the Soviets wanted money, and concessions and compensations would be discussed only after the certainty had been established that considerable loans and credits would be forthcoming. It looked as though another deadlock would be reached, but most unexpectedly the French and British delegates suddenly showed indications of having come to terms. A statement by Sir Philip Lloyd-Greame plainly showed that for some reason the British were now adopting the Franco-American viewpoint of "the restitution of the property concerned wherever possible. We came here to learn what could be restored." The only satisfactory explanation that has been advanced of this extraordinary change of attitude is that the oil trusts for whom the British delegation was acting as a stooge

had changed their requirements. Litvinov had come to the Hague with a proposal of a rather different nature from that put up at Genoa—the merger type. Litvinov read out a long document from which it was to be inferred that his Government was now interested in individual applications for particular concessions in specific oilfields, and that former owners as well as entirely new groups would be eligible to apply. But the Moscow Government had now definitely decided against a blanket concession and against a blanket set of rules to cover all applications. Each would be dealt with on its merit and examined in the light of each relevant circumstance.

This scheme swung the English over to the Franco-American viewpoint. The real decision came from Sir Henri Deterding, who had convened "the Hague Conference that really mattered." Sir Henri was definitely in favor at this time of coming to terms with the U.S.S.R. For that reason he had not thought it politic to undertake a campaign of defamation and slander against the regime and the ideas for which it stood. He may have had, and very probably did have, his own ideas as to how long the Bolsheviks would remain in power; but so long as they were, he was willing and anxious to have an understanding with them, no doubt being quite certain that any more right-wing regime which might succeed Lenin's would quickly indemnify him for any money he had spent in temporary negotiations with the Reds. He continued to keep in touch with every important Russian émigré group. But at this stage Sir Henri stood alone in his desire to talk with the Bolsheviks. Against him were arrayed not only the French, Belgians and Americans, but all the other British interests as well, and notably Messrs. H. G. Trew, of the Spies Petroleum Company, Ltd., and Richard R. Tweed of the Baku Consolidated Oilfields.

These two gentlemen had the idea of organizing all the claimants to Baku and other Russian oilfields in a ring which would flatly oppose the granting of concessions there until their grievances had been satisfied. They naturally sided with the Standard and French interests because, as British independent producers outside the trust, they were the natural enemies of

Deterding and his group. The Bolsheviks changed their ground again. On July 18th the *Daily Telegraph* reported that "Russia, instead of returning the various oil properties to their original owners, intended to form one general company to carry on all operations. The oil company which gets the contract to operate all the oilfields will be asked to satisfy the other claimants."

This sensible idea, which the Bolsheviks used later in connection with other concessions (notably the Harriman manganese ore concession in Chiaturi, from which Mr. Harriman had to satisfy claims from twenty-five former owners), would have spared the Bolsheviks a good deal of complicated negotiation and enabled them to avoid conceding the justice of private claims. Their idea at this time was to have Deterding as the Harriman of oil. Not that they wanted him at all, though they had not yet learnt to regard him as a particular enemy of the regime. To them he was a capitalist, just one of the type, more interesting to them because he was extremely rich and influential and was of possible use in their scheme of things. They had something he desperately wanted—the oilfields; he had something they wanted, also desperately—money. Here was a possibility of doing business.

The Bolsheviks did not abjure their principles; they were out to build up a classless society in Russia by eliminating usury, profit and exploitation; in due course they intended to nationalize for the use of the masses all the means of production. But to do these things they had to carry on life in Russia, and this was hard enough to do when powerful foreign governments were supporting hostile armies on their soil. They had to have some trade with other countries, had to purchase certain indispensable commodities which they themselves at this stage could not make. And to get those things they needed credits. Those credits could be extracted from capitalists. The capitalists and their personalities, their platitudes and their business ethics interested the Bolsheviks not at all; it was their money they wanted. Amiably enough and quite impersonally, they intended using the capitalists' resources to build up a regime which would in due course render capitalism superfluous and anachronistic.

Karl Radek took great pleasure in baiting the type. For brass-hats he reserved tobacco smoke; he puffed impudently from his cigar at the furious Hoffman as the conditions of Brest-Litovsk were forced on Russia. Interviewing the elephantine Stinnes, he reports that the Ruhr magnate "declared that this far he had had the utmost distrust of the Bolsheviki." "And Soviet Russia," retorted Radek, "has so many worries that it really cannot concern itself with your mistrust."

That was how Russia and its people regarded Deterding in 1922. As an individual, he meant nothing to them; as so much potential credit and technical aid, he could be extremely useful. They were perfectly willing to give him a very comprehensive concession in the Caucasus provided that from it he would satisfy the multifarious claims which other capitalists, European and American, now had on the region. The reason why the scheme did not pan out was not the Communist mistrust of the capitalists, as it well might have been, but mutual mistrust of capitalist by capitalist.

What Deterding set out to do was to win French, Belgium and British independent support for this scheme, because his trust was the obvious concessionaire under the new Soviet proposal and because he had found that their opposition was considerable when employed in the role of dog in the manger. If he could win them over, he thought the Standard opposition would not be strong enough to prevent the scheme going through. Once he was established in the Caucasus, he might toss the Standard people something for the sake of peace, but only on terms highly advantageous to himself.

Late in July a French trade paper hinted that the Belgians stood out against Sir Henri's scheme, but the French were much more pliable. The successes of Sir John Cadman at San Remo and the diplomacy of Zaharoff, Gulbenkian and others had brought France very much under British influence so far as petroleum was concerned. Britain's policy was to prevent France ever becoming really self-sufficing in regard to oil in the hope that this hold over her would prevent French influence on the continent from growing too rapidly. But France was also tied to

the United States. Because Standard had intervened decisively in the war in 1917 it had acquired a big share in the French market and—through the Banque de Paris et des Pays Bas and its head, that remarkable financier, the late Horace Finaly—an influence in French affairs generally. The Standard Franco-Americaine had been formed in 1920 under the direction of General Gassouin, a former brass-hat of the French General Staff. The struggle between Deterding and the Rockefeller interests, represented more particularly by A. C. Bedford, at this time in France was keen and unyielding, and the influence each had in that country, particularly among politicians and officials, was used in this new struggle for support in the Russian question. The French and the Belgians were hesitating when action came from the Russian side.

Litvinov had been sent to the Hague with definite orders to hand out concessions and to discuss debts and compensations only if he got loans. The plan under discussion definitely omitted the guarantee of a loan. Litvinov announced that he would wire Moscow to find out if such an agreement would be approved, even if reached.

Immediately the Allies heard he had done this, they hastily called all the delegates except the Russians and declared the conference closed. It was the Sub-Commission on Private Property which had got this done, and Litvinov scathingly reported: "In this way the interests of the economic rehabilitation of Russia and Europe, and the interests of the overwhelming mass of the small holders of Russian state bonds were sacrificed to the interests of a comparatively small group of powerful former private property owners." These were the oil magnates. Thousands of small fry might have gotten something on their Russian claims but for them.

How had this sudden move been made, and why? It was done because the Standard Oil people again were determined to stall Deterding. The conference came to an end with the reading of a resolution recommending "the desirability of all governments not assisting their nationals in attempting to acquire property in Russia which belonged to other foreign na-

tionals and which was confiscated since November 1st, 1917, without the consent of such foreign owners. . . ." That spoilt Deterding's game; it was one of the worst and most difficult setbacks he had experienced since he entered the oil business. The resolution had been moved by M. Cattier, the Belgian delegate, who said that the United States Government approved of it and didn't mind his saying so. Throughout the conference M. Cattier had been in constant touch with the United States Minister at the Hague, and some journalists who were there at the time were convinced that the resolution had been worded in Washington and sent along to M. Cattier as a recommendation which was in fact an order.

This gesture sabotaged the Hague Conference just as the Genoa Conference had been sabotaged. A blockade against Soviet Russia was now being set up. At this juncture precisely this was the policy of Standard Oil, which still believed that the economic theories the Bolsheviks were trying to practice were disastrous and utopian, and that all the capitalist world need do to bring the regime to its knees was to boycott Russia commercially for a few months, at most for a year or two. The outcome would be that Russia would be only too glad to admit Standard Oil to a privileged position in her oil industry, in effect a victory over Deterding which would have important consequences.

The next step was the summoning of all holders of rights (or "former rights") to Russian oilfields to a conference at Paris. The French *Courrier des Pétroles* announced on September 9th that "the foreigners have decided to form a block and not permit themselves to be disunited by separate attractive offers." Walter Teagle was anxious to make sure that Deterding would abide by this agreement. He is quoted as saying: "It is evident that no English Company is going to negotiate today with the Russians on its own account. It is also clear that as long as the Russian Government will not have returned to the foreign proprietors their properties in Russia or will not have accorded to them compensation at the same time guaranteeing the security of private property in Russia, no resumption of

safe business with Russia is possible, and no new investment for oil exploitation in Russia can safely be made."

When the various companies and claimants foregathered in Paris, it was Sir Henri Deterding who presided over representatives of Standard, Royal Dutch-Shell, Anglo-Persian and the Franco-Belgian Syndicate, as well as of purely Russian concerns such as Mantacheff and Lianosoff. The others had arranged to have the movement led by the one man whose activities they felt required most careful watching. The companies agreed to form the Groupement International des Sociétés Naphtières en Russie. They agreed that in everything relating to Russia each company would act only in conjunction with all the others. But the whole purpose of the Groupement, whose farcical history is an object lesson in the necessary shallowness and fatuity of capitalist ethics, was not to come to an understanding with Russia, but to prevent one. The only proposal from the Soviet which they would consider, so they avowed, was the absolute and unconditional restitution of all privately owned properties there; and this they must have known the Bolsheviks would never do unless they were verging on bankruptcy.

For the time being Deterding accepted and gave the appearance of agreeing with this policy, which, as everyone knew, had been forced on him to prevent his own agreements with the Reds. The Standard people were suspicious of this unnaturally docile attitude on his part, and did not quite smile the smile of mollified indignation. Another snag was the criticism offered by the Spies and Baku Consolidated companies to the effect that it was a mistake to include the purely Russian companies, because by international custom the *de facto* government of a country was entitled to nationalize the property of its own subjects. But the Standard Oil people had to oppose this logical argument, because their own rights in the Caucasus were based on the purchase of the Nobel holdings, which came under that heading; likewise Deterding, who had bought up the Lianosoff and Mantacheff interests; and likewise the French who had bought up all sorts of Russian concerns in Paris stock market operations.

And then Deterding did the thing for which the other members of the Groupement would never forgive him. He opened an immense crack in the shoddy and collapsing fabric of the agreement by coolly purchasing seventy thousand tons of kerosene from the Russians, less than six months after signing the Paris agreement. He also took an option on a further one hundred thousand tons. With specious logic, he informed the Groupement that this had been done in order to prevent these stocks of cheap kerosene from spoiling the market. The rest of the signatories to the agreement were hopping mad, brushing aside the ridiculous excuse that the agreement had "referred to the oilfields and not to production." They pointed out that the net result was to provide the Bolsheviks with capital enabling them to carry on.

They invited him to cancel the deal, but all he and his associates offered to do was to share the swag with them. Indignantly they refused to do any such thing. But it was no use being angry with the Royal Dutch; as Louis Fischer has put it, "If it sinned by signing a contract with Moscow, that was its real nature taking the upper hand over temporarily assumed politeness. . . . The firm had never been fully in sympathy with the blockade programme."

Later the rich humor of the situation came out with the revelation that Standard, professing to be shocked by Deterding's behavior, had an agent in Moscow, Dodge by name, charged with the job of trying to wangle a big concession behind the backs of the others. And Mr. Gwynne Trew of the Spies Petroleum Co., who had played a big part in bringing the Genoa and Hague conferences to naught, was in due course discovered in Berlin trying to fix up a concession with Soviet agents. So, ludicrously, were the Belgian Akverdoff people. Back at Paris, Trew renewed his protestations of undying hostility to the Soviet before the Groupement while his company wrote a letter to Stomonyakoff, Soviet Trade Envoy in Berlin, stating that it was "willing to return to Russia at the earliest possible moment with our organization and to provide fresh

capital. . . . The moment has now arrived for serious negotiations."

This left only the French. To complete the picture, the French were rumored to be at it too. The French were now fretting anxiously to be at Baku themselves, and Sir Henri Deterding found himself chairmaning a meeting of—we hope—embarrassed members of the Groupement which censured the naughty French: "It was decided to draw the attention of the French Government to the danger of such negotiations." Telling teacher, you see.

On September 25th, 1923, just a year after the formation of the Groupement, it climbed down ingloriously with a resolution "that immediate negotiations should be entered into with the Soviet Government with regard to the various oilfield properties in Russia and their exploitation. . . ." In other words, they couldn't trust each other to stick to a pact to boycott Russia, so now they would try to keep check of each other by entering into negotiations arm in arm. Deterding presided at that meeting; he had put his ideas over. Crude methods, but they had worked. He now felt free to go his own way. Many of the remaining members of the Groupement—French, British, Belgian and White Russian—formed themselves into the Inter-Allied Committee of Oil Companies in Russia, intended chiefly, it seemed, to make some sort of strength out of unity in the maneuvers against Deterding.

At just this time Deterding, with Leslie Urquhart and Sir Basil Zaharoff, was negotiating once more with Krassin in London, but not successfully. Deterding's tactics now consisted in convening the Groupement without the French and Belgian members, and in acting upon the resolutions passed by himself and his own White Russian puppet concerns. He then tried to expel the British Spies Petroleum Company and the Belgian Akverdoff Company because they would not agree to his dictatorial methods. The result was that the concerns in the Inter-Allied Committee withdrew, sending in a really hot letter to Sir Henri. After this the most unpleasant task of facing the Groupement members and explaining away what had happened

were pushed off onto Gulbenkian, then Deterding's right hand man in Royal Dutch-Shell policy. The Groupement was dead—though it didn't lie down for a time.

By this time the Soviet Government was beginning to despair of ever finding a satisfactory basis of cooperation with the great capitalist groups, whose behavior and greed were even more fantastic than they had expected. Moreover, they were beginning to fancy their chances, for the first time, of operating the oilfields themselves. They definitely had not wanted or expected to do this in the first place, but the savagery, stupidity and procrastination of the rival claimants were gradually forcing that course on them.

The oilfields had been desecrated and sabotaged appallingly by the Civil Wars, but, throughout the months following the expulsion of Wrangel and Denikin, the Bolsheviks had done the best they could with very limited resources to straighten things out and get back to normal before beginning the rapid expansion of production they had in mind. Leslie Urquhart, member of an old-established Scottish trading family with connections in Smyrna and all over the Near East, had known Russia intimately before the Revolution and had played a prominent part in that gay process known as "opening up this new field for profitable investment." He spoke Russian and thought he knew the Russian character. In the London *Financial Times* for May 10th, 1922, he said decisively, "1. The Russian oilfields are not in a position to export any oil abroad. 2. To restore production even to the low level of 1917 five years of leeway in the drilling of new wells will have to be made up."

Moreover, it would cost, he said, at least £20,000,000, and the whole of the Russian output would be absorbed by native transport and industry. "For many years to come Russia will be an importer and not an exporter of oil." The *Oil News* said that such had been its argument for years. But they were very wrong. The Soviet Government buckled down to it and put the oil industry in shipshape condition. This was done long before Stalin's First and Second Five Year Plans had industrialized the country and created an enormous internal demand for petro-

leum and its derivatives. Louis Fischer supposes that Mr. Urquhart "was reckoning only in terms of pounds sterling, machines and drills, and not in terms of national vitality released by the revolution, of the devotion, energy, persistence, enthusiasm and other non-businesslike factors" by means of which the Bolsheviks upset the calculations of the finest hard-headed experts.

Very quickly the nationalized oilfields found a market for their product. In 1922-23 Russia exported 330,000 tons, in 1923-24, 771,000 tons and in 1924-25, 1,360,000 tons. This was done with absolutely no outside assistance. England and France, the two countries most hostile to Russia, proved the best customers for Red oil. Of the 81,000,000 poods sold by the Soviet Oil Syndicate in 1924-25, England bought 34,000,000. Turkey, German, Italy and France were also big purchasers, and the oil of Red Baku became a really important factor in the industry and transport of Europe and the Near East. The navies of several capitalistic countries relied partly on Russian oil. In many countries, notably Italy, the competition of Russia became a serious threat to the markets of the largest oil combines.

It was this infuriating new factor which finally made up Sir Henri's mind about Russia and its system of government. So long as Russia kept her eccentric and "unsound" political theories and practices to herself, and allowed Sir Henri a large voice in the exploitation of her oilfields, he did not mind. But it was no joke when they insisted on running the rich resources on the basis of communist ideas of industrial management and then threw the excellent oil and petrol into the world market.

This was too much. He wanted the Russian oilfields as a lever, the decisive lever perhaps, in his war with Standard. What was now threatening to happen was that this thick black flood of Soviet oil would calmly spread out from the Black Sea into half the countries of Europe, and then into Asia and finally America, undercutting him and his competitors. This would not be difficult, either, because he had made so many price agreements in various markets that a really businesslike competitor could easily undersell him.

XVI

THE situation demanded action; but it became clear to Deterding, who, as we know, had expert advisers, that the Russian problem would never adequately be resolved until the Bolshevik Government had been removed. Not only were the Reds carrying on with composure, but their propaganda was making converts in every country. Socialists were taking heart; even at the most exclusive and unexpected dinner tables one met some unruly and cocksure young people, of both sexes too, who seriously argued on behalf of these Communist ideas. It was no joke. The thing was not isolated in Russia, it was spreading and it threatened the whole of the civilized world.

From this point onward one of the dominant traits in Sir Henri Deterding is his hatred of Bolshevism, and one of his most fanatical activities the struggle against the Moscow regime. It became one of the greatest personal factors in post-war history, the hatred of one man, backed by immense political and economic power, for a country which had dared to apply to its government principles under which the magnate of capitalism could not dictate and control the life of the country.

Late in 1924 Sir Henri had married a Russian, a White Russian. Like himself, she had been married before, to a certain Bagratouni. Her name was Lydia Pavlovna Koudoyaroff, and she was a member of the very large Russian colony which centered round Paris. Her father, General Paul Koudoyaroff, of Tashkent, had been a well-known soldier under the old regime and his daughter nursed the conceptions and ambitions which one would expect in a Czarist brass-hat's child. Many stories are current as to how Sir Henri met her. He was already, thanks to his business connections and his own ideas on political econ-

omy and the ruling of nations, a well-known figure in White Russian circles, where everyone who had anything to sell looked upon him as a heaven-sent possible purchaser. Elephantine old sensualists who had grown rich by the accident of owning a bit of oil-bearing land, mustachioed generals, clever Liberal and diehard and Right-Radical and Menshevik politicians; adventurers, fanatics, political whores and economic visionaries; cranks, charlatans, Messiahs, Napoleons, pimps, assassins, forgers, degenerates, demagogues; well-meaning ignoramuses, unfortunate butts of fortune, women and children gathered together. They were all in Paris, looking for work, dreaming of the glorious future, hungrily reading, borrowing and sharing their Russian dailies, the Liberal *Dernières Nouvelles* and the ultra-Royalist *Renaissance* as well as the innumerable sectarian weeklies and monthlies. Gossip was the stuff of their lives; old General so-and-so was now the doorman at the Kazbek; Prince Whatnot had gone back to being a gigolo, but his brothers still preferred driving taxis. Ah well! Nitchevo. They worked at needlework, at selling antiques, at dress designing; many distinguished themselves as singers, dancers, sculptors, journalists, entertainers and composers.

At their churches they sonorously intoned the melancholy dirges of Gretchaninoff and others; at their parties they danced and sang in sentimental glorification of a happy, carefree, understanding and lovable old Russia that had never existed, but slowly came to life in their increasingly nostalgic imaginations. Various strutting claimants to the heritage of the deceased Czar were in Paris and outside it, and the whole thing provided enormous excitement, chatter, rumor-mongering, racketeering and literary exercise. With all these people Sir Henri Deterding soon established a really intimate contact. He liked them, to start with. They stood for order, for respect for prestige, for stability as he understood it. And, strangely, they liked him.

A story vouched for by Georgians who know the life of their fellows, spectacular and flamboyant mountaineers now settled in tame Paris, says that Sir Henri heard his wife-to-be singing in a Russian choir in Paris and promptly fell in love with her.

Essad Bey (whose own wife recently suggested that his habits were not such as would necessarily lend authenticity to what he said, but who knows the gossip and rumor of the White Russian circles all over Europe) is definitely prepared to say that Deterding met her through Glubenkian. At any rate, the two were married in London, at the Prince's Row registry office, on December 4th, 1924, and immediately went to the east coast for a short honeymoon. Sir Henri's two sons by his first marriage were the witnesses. At the time of her marriage, Lady Deterding was twenty-eight.

It was only a few months previous to this that a newspaper which had always carried news of Sir Henri most prominently, and commented sycophantically on everything he did, the chauvinistic *Daily Mail*, a concoction for the worst British philistines, had announced his death. It said that he had died suddenly in the Hague while watching privately a film showing the activities of his company in the East Indies. Two days later the *Mail* excitedly corrected itself: "The report . . . to which we gave currency on Saturday proves happily to be unfounded." It was Sir Henri's brother, Dr. Frederik Lodewijk Deterding, who had died; the two brothers were together.

From the day of his marriage to the White Russian lady—who, by the way, is *not* a Georgian, as is commonly supposed, and has not assisted the Georgians financially as she has other White Russians—Sir Henri Deterding has been intimately associated with all White Russian society in Western Europe. From that day to this, right up until the very latest reports, he has been an open, avowed, tireless and at times apparently quite irresponsible enemy of the Soviet regime in Russia. He has associated himself with innumerable propagandist attacks on that state and on the doctrines which it applies. He has forked out money; he has met and interviewed and listened to the plans, occasionally fantastic but always rather less fantastic when backed by the propaganda and other weapons that real money can buy, of some of the weirdest and most obscure adventurers and charlatans in Europe.

This campaign has been concerted. It has been backed by big

money. It has left no aspect of the agitational and organizational work untouched; it has had repercussions in half the countries of Europe, and many outside.

Sir Henri, often through his wife, assisted White Russian students to prepare themselves to take power in a "liberated Russia." The investment of sums amounting in the aggregate to tens of thousands of pounds was nothing if it were to mean, as Sir Henri hoped and believed it would mean, that the chief executives and political big shots in the new capitalist Russia were men who had reason to be grateful to him. Sir Henri knew what he was doing. He hoped in 1924 that the Soviet regime would fall; and he definitely was still hoping in 1937 that it would fall, and he was not going to have it said, after the glorious liberation of Holy Russia had come about, that Sir Henri Deterding, who wanted the Caucasus all for himself, was too timid to give the Bolsheviks a firm kick at the critical moment.

From 1924 to 1937 Sir Henri was incessantly seeing that critical moment before him; he was unceasingly delivering that final firm kick. But the U.S.S.R. had the resiliency of a new football; it rebounded. Now and then it hit him in the eye, as footballs do if you don't dodge them.

Paris became, from the earliest days of the dispersion, the greatest center of White Russian life (some suburbs, like Billancourt, were almost solidly Russian) and it knew Sir Henri well. The Whites wanted their boys to be educated, to know all about the history, geography, political principles and geological wealth of their saintly fatherland. Sir Henri thought this a very good idea. A *comité* which in time paid the full expenses of several thousand students was set up. In charge was a certain M. Fedoroff, and M. Fedoroff was very frank as to the objects of the *comité's* activity and the sources of its money. That crackling old reactionary, Poincaré, and also M. Theunis of Belgium—open advocates of military intervention against the Soviet Government—contrived to get official governmental grants towards the expense of preparing, in M. Fedoroff's words, "the intellectual forces of the future Russia." Not only France, but

the open or secretly reactionary governments of Yugoslavia, Czechoslovakia and Bulgaria, had "grasped the grandeur of this work" to the extent of subsidizing the studies of several thousand Whites. (M. Poincaré, Premier of France, had given the Georgian Committee four million francs from the French treasury in 1922.)

But individuals also saw "the grandeur of this work." A conservative French journalist, M. Charles Ledré, has made an extremely able and instructive study of the life and activities of the Russian émigré in France. He is anxious to give credit where it is due.

"In the first rank of the generous people who have actively back the work of the *comité*," says M. Ledré, "one must put Sir Henri Deterding, who alone handed over 690,000 francs between 1922 and 1928." And has not Sir Henri himself said: "I never put money in a business without a deciding voice in the management"?

And not only that. Lady Deterding too, who had no appreciable means of her own when she married Sir Henry, is famous in France for her substantial gifts to every kind of White Russian charity and cause. For example, the Lycée Russe, founded in 1919 by Mlle. Maklakoff and M. Nedachin, had moved from one address to another before being established in really magnificent quarters in 1930. This was entirely due to the "tireless solicitude of Lady Deterding." She paid the full expenses, moreover, of two hundred pupils, who were instructed in many interesting matters relating to their native country, or the country of their parents. (Some of these pupils were born outside Russia, and many have obstinately grown up to be radicals and enthusiastic admirers of the Soviet regime; the Slav mind is a naturally well-disposed one, and it was perhaps a mistake to give them learning in any form.) The City of Paris also subsidized this institution.

Sir Henri often appeared personally at these colleges and at other White Russian organizations. On June 11th, 1931, he presided at a jollification at the Jeunesse Universitaire Russe in the Boulevard Saint Michel, at which, in the presence of a

representative of the French Ministry for Public Instruction, he told the assembled hopefuls:

"Have confidence. Believe that your work will be the salvation of Russia. Your country has suffered for a long time, but the hour of liberation comes daily closer. That longed-for hour is very near. It will come, perhaps, sooner than you dare imagine. For my part, I am expecting the deliverance of Russia within a few months."

In September of the previous year, at a private reunion of "White Guardists" (the skeleton army for the Czarist march on Moscow) which was held at Sèvres, he offered, this time in the presence of representatives of the French Ministries of War and Commerce, to provide a dollar for every dollar collected by them for the preparation of action against the U.S.S.R.

Lady Deterding was divorced from her husband in 1936, but immediately rose from the rank of a mere Lady to that of a Princess. The Grand-Duke Cyrille, still valiantly holding court in Brittany and elsewhere, announced through the *Figaro*, of July 8th, 1936, that the Head of the Imperial House of Russia had conferred the title of Princess on Madame Lydia Pavlona de Donskoy, divorced wife of Sir Henri Deterding, for the valuable services she had rendered to the well-being and education of Russian youth in exile.

From a very early date Deterding and his colleagues had been accused of encouraging armed risings in the U.S.S.R. The first of these concerned that curious Socialist, the hoary-bearded Noi Jordania, original Menshevik premier of the short-lived Georgian Socialist Republic, which had first handed over all it had to the German invaders and then done the same to the British who followed on the heels of the Germans, before being hoofed out by the Bolsheviks. That was in February, 1921.

In August, 1924, a "rising" took place in Georgia. Writing of it in a reactionary Berlin paper a month later, a well-known German authority, Dr. Noonebruch, observed: "And just at the time when the British oil statesmen realized that the Anglo-Russian trade agreement would bring no results in the realm of

oil politics, the [Menshevik] insurrection in South Russia was raised. . . . And Jordania, the president of the [Menshevik] Georgian federal government [of 1918-1920] suggested international arbitration which would, in effect, be a diplomatic covering for the oil companies." At the same time the French oil trade paper, *Le Courrier des Pétroles,* referred to the probability of "serious material support" for the rebels. "It also probably approximates the truth to say that this support comes from groups which defend large petroleum interests. . . . It should, furthermore, be noted that this attempt represents the last card of the former owners in Russia, expropriated by the Revolution. If they fail in this desperate move there can be no doubt that the Soviets will regard the confiscation as definite and final."

It seemed a crazy sort of scheme. But was it so crazy? And is the craziness of a plan any guarantee against its being tried, even at the cost of millions of lives? The detachment of Georgia from the U.S.S.R. was seen as merely the first stage in its dismemberment. Enemies of the regime saw the ensuing process more as a disintegration. There were still plenty of responsible Russian politicians bellyaching around Europe, as well as "mysterious" agents who claimed to know for sure what Lenin was planning, and one and all they felt a good firm kick was all that was necessary to bring the preposterous Bolshy fabric toppling. Louis Fischer, representing the New York *Nation,* went to the Caucasus just after the rising had been quelled. He spent six weeks there and wrote back: "Before me is a letter written by Noi Jordania, president of Menshevik Georgia, and intercepted by the Cheka. He outlines his plans to his comrades. First Daghestan is to revolt. Then Azerbaijhan and the Mountain Republic centering around Vladikavkaz. Finally Georgia. With the Caucasus thus detached from Russia they could prepare the downfall of Bolshevism."

Who backed Jordania? The *New York Times* had an answer, though it named no names. On September 13th, 1924, its Paris correspondent was reported thus: "It is understood, according to well informed persons, that the Revolution is being financed

and directed from Paris, where powerful international financiers are backing a group of former members of the Georgian [Menshevik] government and former proprietors of Baku oil wells."

Essad Bey, himself a Georgian and a keen snapper-up of unconsidered trifles, supplies the name with confident certainty. He says that Jordania met Deterding and that it was he who supplied the money.

Almost immediately after the failure of the Caucasian rebellion, an incident took place in England which has found a high rank among the fantastic happenings of modern times—a wonderful illustration of how great nations are governed. The Zinoviev Letter altered the course of British history, which means it has radically altered the course of world events. Ramsay Macdonald, pacifist and tame Socialist, was making an extremely feeble and amateurish attempt to govern England in the face of open and contemptuous lack of cooperation from permanent officials, with a Cabinet of doltish and cowardly "labor leaders." Relations between Britain and Soviet Russia were improving steadily, and on August 10th an Anglo-Soviet General Treaty and a Commercial Treaty were signed by Macdonald and Ponsonby for England, and Rakovsky, Joffe, Radchenko, Scheinmann and Tomsky for the U.S.S.R. There was every indication that a satisfactory settlement was possible on every point of dispute between the two countries, and public opinion in England was more and more disposed to maintaining friendly relations. Meanwhile, trade between the two countries was going up, and in particular Russian oil was being sold, by the firm of R.O.P. (Russian Oil Products) in rapidly growing amounts.

All this was extremely galling to Sir Henri Deterding, who wanted that oil both for the direct profit in it and for the more involved and infinitely more important strategical advantages of controlling it and producing it or not, according to the subtle day-to-day requirements of his world plan. The terms of the Anglo-Soviet treaties were so favorable to the Soviets that every conservative organ in England screamed its patriotic opposition and undying wrath. The *Morning Post*, needless to say, thought that "British Interests Are Betrayed." A campaign was whipped

up. Gradually it became clear that the real rulers of Great Britain, the permanent officials, the bankers and the Tory Press, were tired of the maneuver of having in office a powerless Labor government which had not even a parliamentary majority. It became more and more obvious that a General Election would be precipitated, and that the issue upon which the nation was to vote would be Anglo-Soviet relations. On October 8th the Macdonald government was defeated in the House, and the Premier asked for Parliament to be dissolved. The General Election was put at October 29th.

Then the extreme Tory press, notably the *Daily Mail*, hurled in black headlines at its almost cretinous public the famous legend of the Zinoviev Letter. Zinoviev, head of the Third International at Moscow, a wild and woolly Jew who suited the purposes of the campaign beautifully, had been, so the story ran, sending instructions to the British Communist Party on how to work in the election and how to combat the bourgeoisie in the Army. The Tories won the election with ease, thanks to the Zinoviev Letter. But the Zinoviev Letter was a forgery. The original has never been published and British Government officials never saw it. Three copies circulated; they were full of evidence tending to show that the whole thing was a frame-up. From 1924 to 1928 it was furiously and consistently argued. Macdonald, who showed great weakness over the whole affair, said: "The letter was a deliberately planned and devised concoction of deceit, fitted artfully for the purpose of deceiving the public and to influence the Election. That it played a major part in the verdict, no one will deny. That it was a fraudulent one, few will deny." Even the *Times* and the *Morning Post* had to admit at the time that the whole thing looked phoney, and said it would be as well if the Government granted an investigation into the matter. The Soviet Government said it was anxious to see this done. J. D. Gregory, Russian expert at the Foreign Office, a man who has played an interesting role in post-war British life, subsequently got into trouble over a case involving speculation in francs; and it was he who was responsible, among other things, for the publication of the Zinoviev

Letter. Subsequently, various well-known White Russian and Polish Secret Service men, Druzhelovsky, Paciorkovski, Belgardt, Gumanski, Orloff and Sumarokoff, were mentioned in connection with the Letter. In 1930 Sir Wyndham Childs of the C.I.D. announced that the letter had never existed, but that the incident came at a psychological moment.

Later, it was said that a certain Georg Bell, whom we shall meet again very soon, had forged it and had never denied doing so. Bell worked for everyone, selling information about A— to B— and vice-versa, and in due course he got, as such people do, what was coming to him. He had connections with various intelligence services, including the British. If anyone wanted a nice incriminating letter forged, no doubt Herr Bell could fix it. In view of Sir Henri Deterding's subsequent associations with Bell and through Bell with others, these facts are interesting.

The incident of the Zinoviev Letter helped Deterding's cause very nicely. For five years England had a good old Tory Government under the premiership of that splendid and patently honest bit of old English oak, pipe-sucking, pig-breeding Stanley Baldwin, the boy who looked too good to be true, and was.

Deterding now set about fighting Bolshevik trade in Great Britain. It was an irony that the country where Deterding's power was greatest should be buying the largest amounts of Red oil. He knew that a smashing defeat in England would be a serious setback, and there was no time to waste. That Russian oil was trickling, and then streaming, into markets he had been accustomed to regard as almost exclusively his.

Late in 1924 Lomoff, a high official in the Soviet oil industry, met Mussolini and contracted to supply the Fascist Navy with fuel oil. Later an agreement for oil products was signed. In Italy and in Turkey real progress was made principally at the expense of Standard, which cut prices and fought hard. In Bulgaria, next door to Roumania, Russia did so well that even a Roumanian admitted, "The Bulgarians begin to appreciate

Russian lamp oil, all the more so because it is cheaper (than Roumanian) and of superior quality."

These successes irritated others besides Deterding, particularly the smaller English and French claimants to the Russian oilfields. But many of these companies swallowed their pride and bought Russian oil wholesale for the profit it would make them. Then, in the latter part of the year 1925, Britain saw a hectic campaign against R.O.P. It was run by the "A.B.C. of Russia" (Association of British Creditors). It is notorious that Sir Henri Deterding's voice was paramount in this concern, which once had functioned principally on behalf of Leslie Urquhart. Its chairman was R. R. Tweed, President of Baku Consolidated Oilfields, Ltd., and its other chief officials also were oil men. It played an important part in sabotaging the relations set up between Britain and Russia under the short-lived Macdonald regime. In August, 1924, it issued a famous pamphlet, called *Justice or Plunder; the Facts about Soviet Confiscation and Dishonesty; Soviet Oil Scandal.* Messrs. Tweed and True explained in a foreword that R.O.P. "is endeavoring to sell the stolen goods in this country." In a roundabout way the pamphlet agitated for a complete rupture of relations with the U.S.S.R.

The pamphlet naturally had a sympathetic press, and various more or less articulate blimps, brass-hats and interested parties shot in suitably indignant letters. Then Mr. Tweed wrote to say that by so doing they had performed a public service.

Sir Henri Deterding, who writes quite a number of letters, favoring particularly the *Times* and the *Morning Post*, told the former that "oil stocks belonging to and paid for by British and other companies were seized and exploited and the proceeds cashed by the Soviet Government." And the man who had himself bought huge quantities of the Red product proceeded to write, "Sir Grattan, in asking whether it is decent to allow such competition, might have used stronger words had he known the above."

In November the campaign reached its height; and it was at this time that Louis Fischer interviewed Messrs. Trew and

Tweed and got the impression that both were anxious to have their former differences with Deterding forgotten now that they all agreed on the shocking immorality of any dealings with the Bolshevik robbers. Just at this time, too, the *Oil News* of London refused to handle R.O.P. advertisements and said that all the important marketing concerns except one were in favor of this attitude. The exception was presumably the Standard's British subsidiary, the Anglo-American Oil Company. And indeed the truth about the A.B.C. campaign against Russian oil seems to be, so far as this phase is concerned, that it was intended chiefly to prevent the big deals which at least two of the large Standard companies were contemplaing making with Moscow.

During the fisrt nine months of 1925 over 75,000,000 gallons of Russian petroleum products were imported into England, but the R.O.P. distributed only 13,473,000 of these. The rest was taken over by British wholesalers, and among these the Shell was outstanding. Even as it fulminated against stolen oil, it bought it and sold it at a profit. But the campaign was useful as an attempt to prevent American-Soviet deals. The A.B.C. of Russia had protested vigorously, using the same objection that the oil was stolen, when, in February, 1925, Anglo-American had bought twenty thousand tons of Soviet oil and had taken an option for another half million. The Association had said nothing when British concerns had made similar purchases more secretly. The *Oil News* commented, "We imagine that should the official announcement be confirmed, the transaction is an unwelcome one for the Royal Dutch and Shell group."

The maneuvers and occasional and temporary wary agreements between Royal Dutch-Shell and Standard had now been extended to cover Russia. The extraordinary Sinclair episode was over. Sinclair bid spectacularly for the whole of Russia's output; he was to find £30,000,000, and probably could have; but the sensation of Teapot Dome intervened. Harding died, Fall and Sinclair went to jail, Owen Josephus Roberts added to his reputation and Calvin Coolidge became President—just a series of incidents in the war for oil.

After buying and sharing their purchases of Russian oil according to rather uncertain agreements, the two trusts soon came to blows again. Between August, 1924, and April, 1925, Standard bought about 290,000 tons of benzine and kerosene from Russia. The American trust liked this so much that it conceived the extremely ambitious plan of buying up all Russia's oil output for three years, or even five. At this stage it had definitely got ahead of Deterding, and from this date on he never caught up with his rival so far as cooperation with the U.S.S.R. was concerned. That was his greatest reason for hating the Bolsheviks; they managed to find a basis, every time, for business talks with the Americans, and these talks seemed to become more and more cordial. There were many things in common between super-individualist America and Communist Russia, and time was to prove that both countries were getting wiser. It made Deterding's neck-hairs bristle.

At this stage the U.S.S.R. was anxious for American recognition, and Chicherin openly admitted that he hoped to use Baku's oil as a lever to persuade Standard to throw in its weight for diplomatic relations between the United States and Russia. And even though Rykov and others made it perfectly clear that the Bolsheviks had no intention of handing over the whole of their production to Standard, as suggested, America drew close to Russia.

Deterding used every weapon he could think of to drive a wedge between the partners in this potential alliance. One was the press and pamphlet campaign. Another was pressure on his personal friend, Walter Clark Teagle, head of the Standard Oil Company of New Jersey. This company has always moved as if hand in glove with the Royal Dutch-Shell, and throughout these negotiations it showed very much less zeal for a deal with Russia than the other Standard companies, the Vacuum and Socony. (For one thing, they operated in Mediterranean markets where the adjoining Russian supplies would have been priceless assets. Teagle operates in many of the markets in which Sir Henri's companies sell.) Even apart from that quite real personal friendship about which the two men never tire

of speaking, they had long ago found that price wars and endless undercuttings got them nowhere and that, as long as there was no other effective large-scale competition, were quite unnecessary. Teagle realized, however, that if he began buying and retailing this excellent and cheap stolen oil, he could expect to get it in the neck. Although Deterding and Teagle were good pals, the Dutchman thought that it was a sound idea to remind the young fellow that it definitely was *not* decent to have dealings with the Reds. Louis Fischer considers that this may be the explanation for one of Sir Henri's most remarkable literary efforts, the rambling, truculent and quite pathetic eruption in the *Morning Post* on January 5th, 1926. On Christmas Day of 1925 an interview with Lomoff of the Naphtha Syndicate had appeared in the Moscow *Izvestia* in which Lomoff discussed the position of his concern in the international market. After dealing with Sir Henri's criticisms and his pursuit of publicity, Lomoff remarked that the Royal Dutch-Shell was selling oil products at two dollars lower than the Naphtha Syndicate price in the Baltic, in Italy and elsewhere, and pointed out that Sir Henri had forgotten his moral scruples when he bought their oil at an earlier date. M. Lomoff concluded: "The whole campaign leads us to conclude that, since our methods of organization are extremely distasteful to Sir Henri Deterding, they should be strengthened by every means at our disposal. Only then will the world's trusts be compelled to regulate their relations with us, not by means of leaflets addressed to the British public (in the hope that it will not understand the realities of the campaign) but in a businesslike manner."

Sir Henri plunged into an erratic and would-be ironic diatribe against the very name of Russian Oil Products, and floundered along thus:

"You are so much against the 'bourgeoisie'; why then do you want their money? To fight them afterwards? But 'gentlemen' of the 'Soviet,' do you know 'cricket,' or have you abolished that game in Russia as being too fair in principle to suit your principles?

"You say in winding up your extremely humorous article—

you know quite well we only bought from you what was only part of what you stole from us—that you want to deal in a 'businesslike' way. I am so glad to hear for the first time from your lips the word 'business.' It is more than a glimmer of light; it is the beginning of a new era for the majority of the Russian people. 'Business' means 'bourgeoisie,' 'credit,' 'honesty,' and an end of abolishment of capital! You *do* begin to realize this at last?

"Let me give you a word of advice. I have been over forty years in business. I have been a banker and a big business man, and worked my way up from office boy, without any help from anybody. I know what I am telling you now is right.

"The world of the last century has been developed on credit. The cash, the gold, was only there to the extent of perhaps ten per cent. Without credit you never will get along, with all your beautiful schemes; and you can get no credit worth having, without recognizing your obligation in a straight-forward way.

"Do not try to fool people by talking about 'Czarist obligations which do not concern the Soviet.' You know as well as I that the money the Czarist Government borrowed here, in France, and in Holland (in the latter country far over £100,000,000) was used to build railways, provide rolling stock, waterways, and the pipeline Baku-Batum. Why not admit that you are in possession of the proceeds of these debts in various ways, but that you want to keep the property, like a thief?"

Now it is capitalism talking; capitalism on the defensive, baring its teeth and seriously trying to be reasonable, capitalism puzzled, frightened, lashing out:

"Perhaps Communism is a belief, but if it is associated, as it is, with keeping property thus acquired, what else is it but lawlessness and attempt to go back to the prehistoric world of right by force, and brutal force only? The prehistoric world could live on those principles, because there were so few living, but how can you feed a world of hundreds of millions without the present world organization?"

Capitalism, having thus explained that it stands for organiza-

tion as against the anarchy of planned socialism, proceeds to prophesy the latter's early doom:

"Why not admit that you share with me the faith that you are near, very near the end of your tether, and that, before many months, Russia will come back to civilization, but under a better government than the Czarist one? Be men, and admit, like Lenin did, that Bolshevism does not work, that you have made a mistake.

"You will save millions of lives and restore happiness to millions.

"All your articles against me will not diminish by one iota by conviction that Bolshevism in Russia will be over before this year is; and, as soon as it is, Russia can draw on all the world's credit and open her frontiers to all willing to work. Money and credit will then flow into Russia, and, what is better still, labor.

"Henri W. A. Deterding.

"Russian and/or Soviet papers please copy."

This extraordinary letter was very widely reprinted and commented on. The war was now openly on. Reaction was rampant in Europe. Amazing and fanatical schemes were being fabricated by adventurers, charlatans and public enemies of every kind; the intriguers and the cranks, the Hoffmanns, the Rechbergs, the Rosenbergs, were getting around, conversing for hours on end with statesmen, generals and industrialists of the very greatest rank. Foch and Hindenburg, Churchill and Poincaré, Deterding and Kreuger, all were interested in the grand plans for a Holy Alliance of the four great powers of Western Europe, France, Britain, Germany and Italy, in a march against Soviet Russia. All the petty little Ukrainian and Georgian intriguers were scuttling from capital to capital, cadging subsidies, founding their footling little rags, maneuvering for favored positions in the projected puppet states, the "liberated Ukraine," the "independent Caucasus."

The Georgians were active all over Europe; even more numerous and as active were the Ukrainians. The "Hetman"

Paul Skoropadski, who claimed the right to rule over twenty odd million Ukrainians, had agents in every capital in Europe collecting money. There was Petliura, too, until an indignant fellow-Ukrainian assassinated him in Paris for what he had done during the Civil War.

A campaign was launched in the European press. The British secret agent, Captain Boyce, was active in Russia round about this time and earlier, and plans for armed intervention against Russia were rumored everywhere. Forged documents on the lines of the Zinoviev Letter were being manufactured in large numbers by experts operating in Baltic cities, in Poland, Berlin and Prague. A little scrap in Greece showed that it was the fight for oil markets which motivated, to a great extent, the whole trend. The Royal Dutch-Shell succeeded in getting a sub-contract to fill an order which the Greek Government had contracted with the Russian oil concerns, and offered large credits for construction works in Greece in exchange for a petroleum monopoly. But Standard stepped in and contrived to get the original contract, whereupon it immediatly bought *from Russia* the oil necessary for fulfilling it. This was the kind of thing that made Sir Henri wild.

In March, 1925, the French Government had signed an agreement for the supplying of Russian oil for the Fleet. Immediately the extreme right-wing newspapers, which have long been suspected of contacts with the international trusts, with Deterding, and with organized Fascism (notably *Le Matin* and *La Liberté*, now the organ of the Fascist Doriot), attacked Russia furiously, making use of falsified documents of the type of the Zinoviev Letter.

At the same time a project believed to have been inspired by the British Intelligence Service was launched for the creation of an International Police Center against "Bolshevik propaganda." This was late in 1925.

Early in 1926, Sir Henri Deterding published, in many countries besides Britain, his belief that the Soviet regime would disappear before the end of that year. The *Morning Post* letter which I have quoted fairly fully appeared on January

5th. On January 7th a famous French political commentator of the extreme right, M. Jacques Bainville, observed, in his article, "A Prophecy": ". . . If the President of the Royal Dutch has given a date for the end of the Soviet regime, it is because he has reason for doing so, and the reason is that Anglo-Saxon finance has applied itself to the Russian problem with the intention of resolving it in its own way."

Just at this time the Ukrainians were very active. In Warsaw, London, Berlin and Paris some hectic and pompous fellows were busy writing remarkable letters to one another, labeling themselves Ministers and Ambassadors and asking and getting interviews with very influential politicians in all four capitals. A certain Tokajevsky claimed to be Foreign Minister, while Levitsky was the Premier. Tokajevsky sent a number of reports to his boss which were subsequently printed, amid the usual denials of their authenticity, by the French daily, *L'Humanité*, which had taken them from the emigré magazine, *Les Nouvelles Ukrainiennes*. According to these documents, "The English Government continues to organize systematically and intensively anti-Soviet action. England has calculated this action on a basis of a long duration and a scale so vast that the result can be in no doubt. . . ." (January 11th, 1926.) Tokajevsky claimed to be in the closest touch with Lord Crewe, British Ambassador in Paris, who demanded more and more details of the exact nature and resources of the "Peoples' Republic of the Ukraine." In his letter dated March 8th, Tokajevsky gave details of an interview he claimed to have had with Winston Churchill in London. A certain Fedak was busy in Poland, reporting that Pilsudski was preparing for war and would ignore attacks from the Left in his own country. On February 21st, 1927, Levitsky wrote to Tokajevsky to say that he had contacted and interviewed various very big men, and that "at the moment, conversations are taking place between the representatives of England, France, Italy, Roumania and Poland on the subject of common action at Geneva against the U.S.S.R."

On the 22nd of the same month M. Passitchnik reported on

the Hetman Skoropadski's activities in Berlin. "For some time now Skoropadski has been developing great activity in the way of military organization in all the centers of Ukrainian emigration. A great conference had been held in Berlin, at which various Ukrainian and other White Russian Generals were present." By this time, of course, Skoropadski had extensive contacts with the more fanatical diehards in Berlin, notably the agents of the growing Fascist movement, the National Socialists, whose "expert" on foreign affairs, the sinister and revolting Alfred Rosenberg, had contacted Deterding very soon after the war, as well as with the errand boy of all who were preparing war on Russia, Arnold Rechberg, who has performed an important role in post-war European politics. Willi Muenzenberg, in the *Brown Book of the Hitler Terror,* contends that contact between Rosenberg and Deterding had been established as early as 1921, when the world had had no reason to hear of the Nazis.

The Ukrainians were busy in London. They had various organizations there which were concerned principally with propaganda in high places and the collection of money in high or low. (All this was sordidly revealed when, some years later, a British public school man sued Skoropadski for failure to pay him for his work in this direction.) Eugene Sabline, whose Kensington house is famous as the rallying place of all Russian royalty and lesser White fry in London, was mentioned as having acted as the intermediary who put Skoropadski and his agents in touch with the British Government. "Chemelle (one of them) has had a conversation with the minister Churchill, and the latter has said to Chemelle that England would support Skoropadski if he would combine his action with that of Nicolai Nicolaievitch. The representatives of the Hetman agreed to that." From his address on the Wannsee, outside Berlin, the Hetman thereupon issued an "order" to the effect that the current international situation indicated that the day of liberation of the Ukraine was near. Every man was to be organized, in every center. There was a good deal of trouble, however. The English were working with the Poles, and the Poles weren't

keen on a really independent Ukraine. Pilsudski was still, despite the horrid jars of 1920, hankering after his great Polish Federation straddling Europe. And the Grand Duke Nicholas didn't like England's liking Poland. These clashes became more and more serious. Tokajevsky reported that a very interesting fellow named Korostovetz, who was acting at this time as the link between the Grand Duke Nicholas and Skoropadski, had received a large subsidy from the British Government. The Grand Duke set out for a tour covering Warsaw, Bucharest, Sofia and Belgrade.

Germany now intervened and brought pressure to bear on Skoropadski to prevent collaboration between him and the Poles. All sorts of factional and personal intrigues and jealousies came into play. Skoropadski was in London, and visited most of the most influential clubs, where he met various diehard blimps who were far from lacking influence in the City, in Whitehall and at Westminster.

Vladimir de Korostovetz, who was active on his behalf at that time and ever since, is a Ukrainian who has played an astonishing role behind the scenes in England during recent years. Apart from firing off diehard letters on Russian affairs from the Royal Automobile Club, he has interesting connections with the British aeroplane industry, and has probably had a good deal to do with the composition of the extraordinary and undoubtedly anti-social political notions of the influential and tireless editor of *The Aeroplane*, a hefty Anglo-Saxon named C. G. Grey who apparently believes all the Nazi baloney on the subject of race and has practically forbidden the British Royal Air Force, under any circumstances, to wage a war on Germany, which he often visits on prolonged and ballyhooed good-will tours. Mr. Grey openly agitates every week for Anglo-German military and aerial cooperation against the U.S.S.R., and has published writings of Korostovetz on this and other subjects. The amazing situation in England now is that while the Government fully expects an aerial war with Germany in the not distant future, the Air Force eats out of Grey's hand and is thoroughly disinclined to go in on such a war. In spite of the line of mili-

tary aerodromes erected by Goering and Milch along the Dutch-German frontier, obviously intended for overwhelming mass attacks on London and other British centers, Mr. Grey continues to nurse his dream of an air crusade in which Koenigsberg and Memel are used as jumping-off places for the massed air forces of Britain, Italy, Germany and a Fascist France, run, no doubt, by Tardieu, Dénain and today's Mormoz. All this is of the utmost interest to the oil trusts and to such gentlemen as the Master of Sempill and Sir John Salmond, who have important positions in the hierarchy both of oil and of flying. See how it is?

I have traced the activities of the Ukrainians up to date. They are not without significance, because they have found important financial and propagandist support from big groups in Western Europe which, like themselves, have vested interests in the dismemberment and paralysis of Russia as a Socialist confederation. But, of course, their ranks are, as they could not fail to be, ludicrously divided; their motives are sordid, selfish, materialistic to such a degree that they cannot even put up a respectable pretense of altruistic or patriotic impulses. And the Czarist circles among the émigrés soulfully and stoutly protest against the dismemberment of the revived and glorious Holy Russia of the always near future. And the number of émigré Russians who openly protest their affection and admiration for the new regime most exasperatingly grows with every passing day.

In Germany the Skoropadski group has been tied up with the odious Rosenberg, who is always being labeled "a declining influence" and yet most obstinately retains great powers, and the ear of the crazier criminals among the Nazi ruling clique. Ernst Henri, who has traced this movement in great detail and with unquestioned authenticity, testifies that Rosenberg and Goering are in personal contact with Skoropadski, that rival Ukrainian would-be despots like Ostranitza were discriminated against and arrested in Berlin, that spies like Bushovanni, arrested in the Ukraine by the Ogpu late in 1933, have definite Nazi contacts and backing.

But the inspiration and the real hope of the movement has always been in London. Johannes Steel, a former member and director of the German Industrial and Commercial Intelligence Service, who knows a tremendous amount about the influence of business racketeers on political movements and has been unsporting enough (Sir Henri might ask him, "Do you know cricket?") to disburse some of it, has testified that Deterding has been closely associated with this particular phase of anti-Soviet plotting.

He affirms that the combined Anglo-Saxon diehard support "for Ukrainian independence" is run from London, where the Society of Ukrainian Patriots conducts propaganda. "The quarterly English publication of this society is financed by Deterding, who is, of course, interested in the mineral wealth of that part of Soviet Russia."

So much for the Ukrainians.

To trace the thread of the Deterding-Soviet contest, it is necessary now to go back to the mid-twenties. With his letter to Lomoff, Sir Henri proclaimed warfare a little more openly than at any previous date. He was determined to prevent the threatened alliance between Standard and the Soviets, and while he was pretty sure of Teagle and his big Standard Oil of New Jersey, he was not at all certain of the ultimate intentions of Standard of New York and Vacuum—and no wonder. American big business was at last awakening to the possibilities of sizeable deals with the businesslike and apparently wealthy agents of the huge new state enterprises of Russia. The U.S.S.R., having regained breath and blood under the controlled capitalism of the New Economic Policy, was now determinedly executing magnificent projects in heavy industry and public utilities. Energetic little William C. Bullitt was tirelessly advocating recognition in the influential circles he moved in. The "Little Brother of Big Business," Ivy Lee, public relations counsel for Standard Oil and a dozen other fabulous corporations, was undertaking significant inquiries into the Russian situation and sending out such "confidential letters" to important men in American life as the one to the elder

statesman Elihu Root, which contained these sentences: ". . . I would never want this country to recognize Russia if you yourself, after examining all the facts, should deem it unwise. What I would like to see, however, is a condition brought about under which you, and men like you, would think it wise to accord such recognition." To another (perhaps less Olympian than the venerable Root), Lee wound up on the important matter: "In addition, the trade of Russia is of great importance to this country."

The initiation of Lee's campaign, it will be noted, coincided very closely with the intensification of Sir Henri's almost hysterical and intensive Pan-European counter-campaign of inspired press attacks on the U.S.S.R. and on those who had dealings with it—not counting himself. In France, Germany and Great Britain he worked feverishly to nip in the bud the developing relations between these states and the U.S.S.R., and to sever the connections already existing. Let us examine Great Britain first.

In the middle of the year 1926 relations between Great Britain and the Soviet were almost but not quite severed. The cleverer reactionaries, among them Sir Austen Chamberlain and Lord Balfour, were against it for various reasons, principally the fear of what the men in Moscow might do in China, India and God knows where else if hoofed out of England. Among the most articulate and energetic advocates of a break was Commander Oliver Locker-Lampson, who openly favored a rupture in the press and in the House of Commons. He was a man of action, one of those soldiers who like the intervals between wars to be not too long, and who had fought against the Red Armies during the Civil War. He was charged with being associated with General Hoffmann and the latter's plan for a war on Russia, of which more again.

All the Conservative government sought was the right world situation and the favorable moment. With the turn of 1926 and the first months of 1927 the campaign grew warmer. Chamberlain said the Bolsheviks insisted on agitating against the Empire, "a friendly power," and that the *Izvestia* had published

"a mendacious cartoon" of himself. Litvinov met these charges with overwhelming counter-complaints. He pointed out the terms in which responsible British politicians, euphemistically called statesmen, abused and slandered the recognized representatives of Moscow in London, e.g., Amery, Joynson Hicks, Churchill, Birkenhead.

Of course the British complaints were not intended seriously to reprove Litvinov and his colleagues; they were part of a maneuver to convince public opinion inside and outside Great Britain that the U.S.S.R. could not be trusted as a friend and neighbor. At Liverpool, late in February, Lord Birkenhead, one of the most unscrupulous politicians of his or any other epoch, launched a violently abusive attack on the "junta of swollen frogs" which governed in Moscow. In March Chamberlain was in Geneva, trying, so most serious newspaper comment believed, to "forge a ring round Russia." He was not entirely successful, but violent little Raymond Poincaré was all for it.

Actually Chamberlain and his circle were watching China, where events decisive to the future were boiling up. Borodin and the others in Hankow had found that, in Radek's words, you cannot carry revolutions in suitcases, that the Chinese revolution was scarcely a few months gone in pregnancy, that to seize power (as they could have) would have been a blunder expiated in the blood of millions. On April 2nd the police in Peking raided the Soviet Embassy there and found documents regarding revolutionary activity in China. (Presumably a few press cuttings could be defined as such.) Immediately after this, friendly British business men in London warned Soviet officials in England to expect a similar maneuver there.

During May Soviet industrial agents were making possibly valuable connections with American business delegates at the International Economic Conference at Geneva. But worse was to follow. Since the beginning of the year, conversations had been going on in London between Russian representatives and the Midland Bank, one of Britain's "Big Five," which had culminated in a definite agreement for a credit by the Midland Bank for Soviet purchases in England up to the value of

£10,000,000. This money would have gone to industrial equipment for the building up of Soviet Russia, a good deal of it, probably, on oilfield material. And it would have given the U.S.S.R. vast prestige; no such credit had been won before, and the consequence of such a striking coup in the land of very conservative bankers would have made available many more credits in other countries.

Deterding watched all this with horrified anxiety and desperate alarm. Now was a moment of truly historic urgency.

On Arpil 27th a letter appeared in the *Times* over his signature, in which the oil man's thoughts on Free Trade and "sound business principles" wandered a little absentmindedly over two paragraphs before suddenly, electrifyingly, crystallizing into this perfectly plain demand:

". . . Is it not high time that this country should cease running after bankrupts with credit offers, whom they can force to buy for cash, and start offering large credits to its own folks and friends [Australia]? At present banks are refusing to pay A1 documentary bills on Australia, thus stopping exports to that country. Surely, there is less chance of losing on £30,000,000 credit to Australia than on £3,000,000 credit to Russia (credit insurance companies could give facts) and besides, why should we assist confirmed enemies and refuse assistance to lifelong friends? . . ."

On May 12th, 1927, British police and plain-clothes men entered the offices of "Arcos," the Soviet state trading organization in the City, and searched premises and employees. They did this for an hour before consenting to produce their warrant. They controlled the building for five days; they drilled holes in strong rooms and safe boxes; they read everything; they took a few things away without informing the Soviet officials what they were; they searched women, including two, the wives of MM. Rosengolz and Shannin, who had diplomatic passports entitling them to immunity; they ignored legitimate protests; they read documents which by every rule and convention of international diplomatic practice were immune.

The Arcos Raid, so far as serious results were concerned, was

a flop. Half the newspapers in the country ridiculed it. The "White Paper" officially explaining it was desperately thin. Included in it were several documents not found in the raid; questioned about these in Parliament, Sir Austen Chamberlain refused to say where they had come from. J. R. Clynes and Ramsay Macdonald, two "Socialists" so pink they were almost white, had to label the Arcos Raid, respectively: "Obviously a failure . . ." and ". . . pathetic—a tragi-comic melodrama, and official approval of such a thing shows merely weakness."

Baldwin and Chamberlain intimated that they thought this should mean the end of relations between the two governments. In the Commons debate, Lloyd George, in good form, said: "I think the Foreign Secretary has had his hands forced. In my judgment, I do not think the Foreign Secretary came to the conclusion, before the Home Secretary acted, that the time had arrived to have a rupture with the Soviet Union. . . ."

It was true that the actual circumstances of the events, the hour by hour events leading up to the raid, were suspicious and mysterious in the extreme. The Home Secretary at the time was the apple-cheeked, episcopal "Jix," Joynson Hicks, later Lord Brentford, a sort of civil blimp without the Colonel's mustache and vigor, and a reactionary who leaned so far backward that he frequently had difficulty in keeping his balance. "Jix's" part in the Arcos Raid remains inadequately explained. He was a man of the type that can justify anything he wishes to do on lofty, impersonal, national and altruistic grounds, a type common enough in the British ruling class.

Answering the Government's contention that the raid had unearthed evidence of espionage, Lloyd George, who should know, blasted the whole rigmarole with the remarks:

"If the War Office and Admiralty and the Air Force are not obtaining by every means every information about what is being done in other countries, they are neglecting the security of this country. . . . As for employing agents to stir up trouble, that is not a new experience of Governments to bring pressure on others. . . ." And he gave instances; he was another who didn't know cricket.

Arthur Ponsonby, who had run the Foreign Office under Macdonald, or tried to despite uncooperative officials, and who therefore knew something about the methods, aims and expenditure of British espionage organization, confirmed this, and said England did just what it now indignantly accused the Russians of doing. The debate proved that the Government itself spied on the foreign ambassadors in London. Foreign opinion agreed that the raid was a blunder, that Hicks was amateurish, that Britain had weakened her own case.

XVII

WHAT was the part played by Sir Henri Deterding in the Arcos Raid? Lloyd George had suggested that the Home Secretary's hand had been forced. By whom, then? All over the continent and in America it was said that the British oil trusts, and probably Deterding personally, had done it. A great deal of evidence pointed to this.

At least two well-known writers on oil have made this charge quite specifically. The Georgian émigré, Leo Noussimbaum, who writes very colorful books under the name of Essad Bey and has excellent reasons to be interested in Sir Henri Deterding, has published an account of the episode. M. Noussimbaum is extremely well-informed in regard to source material, but at the same time very inaccurate in his public statement; moreover, he has a weakness, which at times rises to the stature of an obsession, for pouring the material of a minor episode into violent, melodramatic, concrete, personalized molds. M. Mennevée, the well-informed French writer, is convinced that the book in which this passage occurs is an inspired pro-Deterding work, but there is extraordinarily little evidence of this (and plenty of external evidence that M. Noussimbaum would be likely to do no such thing), and the suggestion may be put down to M. Mennevée's hatred of English Imperialism, itself almost an obsession.

M. Noussimbaum's somewhat feverish, delirious picture suggests that Sir Henri during May passed long sleepless nights staring in thwarted wrath at reports and statistics of Soviet oil success piling on his desk; that he suffered vicious headaches; that he gradually realized that no one would listen until he took vigorous action; that he heard that the Midland Bank

was about to grant a Soviet credit of £50,000,000 (a typical Noussimbaum inaccuracy) which would definitely mean World Revolution; that he decided to act. We are shown him as he reaches for his telephone and says in "a raucous voice," "Give me the British Home Office." It sounds lurid; but, as I said, M. Noussimbaum is well-informed.

In France other writers charged Deterding with having caused the raid. Prominent among these was a well-known publicist of reputation, M. Francis Delaisi. In its issues of October and November, the lively British monthly organ of the Union of Democratic Control, *Foreign Affairs*, one of the very few publications in England which have tried to get at the true facts of politics and which has often succeeded, published two articles by M. Delaisi entitled "Oil and the Arcos Raid." The Frenchman was quite definite about it. He opened thus:

"The polemics carried on in the Press between Mr. Stalin, the spokesman of the Soviet Government, and Sir Henri Deterding, Director-General of the Royal Dutch-Petroleum Company, have made clear to all the world what a few of the initiated had suspected and declared from the outset: that the breaking-off of diplomatic relations between Great Britain and the Soviet Union was not the spontaneous action of the British Government, but was inspired, and perhaps commanded, by certain large-scale oil interests."

After a long résumé—on the whole, a fair and accurate one—of the oil politics and conflicts described in this book, M. Delaisi, traces the success of the Bolsheviks later in 1927 in penetrating some very big American banks and corporations. He winds up thus: "The Baldwin Cabinet . . . is much embarrassed by Sir Henri Deterding's blustering activity. The Petrol Napoleon has remarkable strategic abilities, but he is not a diplomat. Imitating his model in every respect, he has fallen out with Mr. Gulbenkian, who may be called his Talleyrand. He is proud of his power, and likes to display it. He has not realized that, among democracies, feeble but suspicious, great trusts can succeed only if they are veiled in secrecy. Sir Henri Deterding talks too much. No sooner was the diplomatic rup-

ture an accomplished fact than he was lavish with press interviews. . . . The fact that just those agents of Arcos who were engaged in the sale of petrol were expelled and sundry other facts of the same nature have created the impression that possibly the defense of general British interests coincides rather too closely with that of certain oil interests. . . .

"To sum up in one brief phrase the events of the past months: In substance, the raid of the Home Office upon the offices of Arcos was a raid of the oil magnates upon the Foreign Office."

On May 26th Sir Austen Chamberlain came to the point; he announced that diplomatic relations with the U.S.S.R. were severed. Certain commercial contacts would be retained. "The rupture, accordingly," says Louis Fischer, "was really a half-way measure. It tried not to ruin trade possibilities, but it did, and the record shows that it achieved little else that brought any benefit to England." But the raid had not been made for the benefit of the people of England. We shall see that Sir Henri Deterdinig followed it up energetically.

Immediately after the raid, the vital Midland Bank credit was, in effect, canceled. All Soviet trade with Britain became uncertain, expensive, distasteful and hampered. Most of the business Britain had been getting and could have continued to get went elsewhere.

Yet anti-Soviet pressure broke out suddenly all over the world. Chicherin and Stomonyakoff, Russia's agents in efforts to get credits, traveled ceaselessly in Europe; but banks in Paris, Berlin and elsewhere which would normally have been very interested in doing business suddenly went cold. Strong diplomatic pressure—you can call it blackmail if you like, or bullying—was exercised by Britain on Berlin at this critical time to modify her relations with the U.S.S.R., pressure in which Geneva and the British Royal Family were made use of. A 300,000,000 mark credit being arranged by the German Government in association with the Rhineland magnate, Otto Wolff, Felix Deutsch, the A.E.G. head, and others, became impossible owing to sudden fantastic increases in the rates of interest demanded by the banks concerned, of which the Deutsche Bank

was one. Almost everyone in Germany stood to gain by the business, but press campaigns against Russia broke out mysteriously and the influential voices of Arnold Rechberg and other active reactionaries became hysterically patriotic and alarmist. As a result, Moscow looked more and more to America.

In France credit was hopeless. The campaign against the Soviet Government, covering trade contacts and diplomatic relations, was systematically carried to Paris as soon as London had been looked after.

At the end of September, 1927, the Paris newspaper *Le Soir*, which resisted the pro-Deterding influence in the French press with interesting propaganda from the other side (the reason being that Gulbenkian was at this time having a very big private stock market fight with Deterding over various companies and policies and was supplying *Le Soir* with information), revealed what might be expected. The Soviet Ambassador in Paris at that time was the very able Bulgarian, Christian Rakovsky ("the astute Rakovsky," as Deterding has called him). He was the mainstay of Franco-Soviet trade relations at that time. *Le Soir* calmly announced that Rakovsky would be recalled, that this campaign might be expected to start just as soon as Sir Henri Deterding reached Paris, that he was coming right away, and with him the White Russians Andoul and Chermoeff. At this time the French Navy was distinctly interested in Soviet fuel oil.

A few days later, in London, there came a testifying voice from the other side. The Chairman of the North Caucasian Oilfields, speaking at a shareholders' meeting on October 4th, rubbed his hands verbally thus: "The most important event of the year is the recall of the Russian Ambassador to England. It is to be hoped that the French Government will do the same. Sir Henri Deterding will bring all the pressure possible on the French Government in that direction."

Throughout the year Poincaré had been campaigning, on the whole very successfully, to prevent important Franco-Soviet debt and loan conversations from bearing fruit. French right-wing papers cynically exploited Rakovsky's internal Russian

political activity in the Trotsky-Stalin controversy which was raging in Moscow at the time. Arguments and material purporting to show that all good Frenchmen should want to see this Rakovsky kicked out of France were supplied to the reactionary press by Deterding.

Le Matin and other papers now suspected of connections with the Royal Dutch-Shell interests agitated furiously for the Ambassador's recall. Left-wing papers, *Le Soir* and even right-wing papers associated directly or indirectly with Standard Oil, shouted back that he should be left where he was. The moderate Louis Fischer, who thinks the report "that they [Royal Dutch-Shell] became the crusade's most active leaders is not subject to doubt," observes: "From being a controversy to protect capitalism against Communist desertion-appeals to bourgeois soldiers, the affair had developed into a rich feud between petroleum interests, with money flowing as freely as oil." Rakovsky was charged, along time-honored lines, with fomenting treason among the troops. And, to cut a very long, interesting and complex story short, Rakovsky's recall was formally requested on October 7th; he was succeeded by Dovgalevsky, who was virtually ignored in Paris.

The victory was followed up by complex maneuvers in the French oil industry, maneuvers with the object of eliminating both Standard and Soviet oil from France. That was a big proposition, but Sir Henri had immense influence in Paris, among journalists, in inspired news agencies, in the oil companies, among officials, politicians and social leaders. Certainly he had his enemies too—among journalists such men as Francis Delaisi, Alexis Caille (of *Le Soir*), R. Mennevée and Xavier de Hautecloque, and some very powerful bankers, industrialists and politicians.

But in England the Soviets had yet to be dealt their final blow. It was simply dreadful the way a man's work was never finished; Sir Henri found himself involved in a non-stop, harrowing fight which demanded his attention, nearly always personal and quite unceasing, in a dozen places at once. He even

had to cross to America at frequent intervals, and there was no way of cutting down the time that took.

Immediately after the victory of the Arcos Raid, he threw himself into the campaign to get Russian oil products completely boycotted in Great Britain. Their low prices were a curse, all the more so because he had to follow them down and his turnover was overwhelmingly bigger, with the lowered profits correspondingly more sickening. Through the press, trade and general, he attacked furiously. The reactionary and jingoist *Daily Mail* of the multi-millionaire Harold Harmsworth, Lord Rothermere, a real soulmate of Sir Henri's, gave him any amount of wildly partisan publicity. The *Daily Mail* caters to the practically illiterate small bourgeoisie of Britain—to the potential Fascists, to a good leavening of horrid lumpenproletariat, to gaping spinster ladies with bicycles and sealyham terriers in small villages, to ladies with "enough coming in" to avoid working or thinking, to rentiers, retired soldiers, sycophantic waiters, chauffeurs, butlers and gamekeepers ever itching to touch their caps to their betters—to a great grey sodden mass of technically literate humanity whose ignorance is fantastically comprehensive.

This faithful army of believers in, and largely recumbent beneficiaries of, "honest trading," were treated to the climax of a typical ghoulish *Daily Mail* campaign on July 30th, 1927, when a two-column splash news story proclaimed "an important statement" from Sir Henri Deterding, and the free offer of copies of the "now famous" poster printed by the *Daily Mail*, with these words in huge type:

DAILY MAIL: NO SOVIET PETROL SOLD HERE.

It claimed that many thousands of these posters had been issued to petrol dealers who had supplied a written guarantee that they handled no Soviet oil products.

The *Mail* began by referring to oilfields in Russia "stolen by the Soviet Government from British owners. The value of these fields is approximately £75,000,000." It went on to

refer to its own long campaign to explain to the public what happened to money spent on Russian oil, and praised Sir Henri's recent action in denouncing those who handled it.

Sir Henri had indeed launched one of his affecting and indignant appeals to common decency and the spirit of cricket and honest trading. The purchase of Russian oil, he had said, meaning the remark for Standard Oil, was "against the interests of humanity and trade honesty." To this cloud-borne sentiment, Standard had tersely retorted that Sir Henri could deny, if he liked, that only the previous September he had been negotiating in London with the Soviet authorities for the purchase of the whole of their exportable oil and oil products; and that, in January, he had offered to buy all the Naphtha Syndicate's products stored in Russia on condition it promised not to sell oil to "any other company"—i.e., Standard. The *Daily Herald*, the most radical daily in Great Britain at that time, published this information on July 29th, the day before Sir Henri's eruption in the *Mail*.

There Deterding opened on a rousing tone, a virile call to order: "My reasons for refusing to handle Soviet petrol are precisely those which have prompted the *Daily Mail* to take the wonderful stand it has. I refuse, as a man who believes in the good order of established society, to have anything to do with petrol which is in the hands of twelve unprincipled cut-throats whose hands are stained with the blood of their victims. These assassins are outside the pale of all decent civilized trading and are as unscrupulous in their methods of trading as in their seizure of power."

The real point of the campaign was deftly slipped in thus: "Every company is affected, the Standard Oil Company no less than my own." He referred to a contract for Soviet oil made by "a big firm with extensive interests in the Mediterranean." The plain fact was that the Soviets were using the oil to bring about "the bankruptcy of honest trading companies." Nothing would persuade him to handle the oil, and anyone who did handle it was "doing himself and the existing order of society a grave injury."

A few days later, in the same paper on August 5th, Sir Henri, in connection with one of his subsequently famous prophecies of the early collapse of the Red regime, confessed to the act that best indicates the state of hysteria to which he was approaching:

"As long ago as the Sofia Cathedral bomb outrage [in April, 1925] I was endeavoring to persuade the great oil concerns of the world not to handle the stolen petrol which was being used for subversive activities throughout the world. I wrote to Mr. Rockefeller pointing out that those who handle this petrol were providing the Soviet with the means to carry on its policy of disorganizing society."

Deterding had actually sent a personal appeal to Rockefeller begging him to intervene in the direction of the Standard companies, which were dilly-dallying with Moscow! The letter had been mentioned a few days earlier in some detail in the *New York Herald Tribune*. Sir Henri, determined to leave out nothing, referred righteously to Rockefeller's humanitarian and philanthropic works, the erection of churches and so on, and querulously pointed out the attitude of the Reds to religion, and, more pertinently, their practices of confiscating private property (in the means of production, but Sir Henri naturally didn't draw that essential distinction), and in nationalizing industry. The great man had come to this.

At the same time Sir Henri was throwing his weight about in his native land and in many other places in Europe.

On the 10th of July, adapting his arguments to the more academically minded Dutch (if you mention Marx to an Englishman, he'll look uneasy and ask "marks of what?") he laid down the law in the Amsterdam *De Telegraaf*.

"More important than everything is the complete collapse of the teachings of the dreamer Marx. The question is often asked how can this Government retain power so long when it is supported by only one per cent of the population of Russia and by the criminal elements of the rest of the world." Less than a month later (on August 6th) in the same paper he brought up his American friend who had been in Moscow, and quoted him as saying of the regime there: "It can carry on for another

two years. If, however, the whole world turns away from it, it will not be able to maintain itself for three months."

Sir Henri's campaign against the U.S.S.R. took rapidly changing forms; it never stopped; it worked in the greater part of the inhabited world. Was his exceptional onslaught in 1927 merely a temporary strategem, a weapon used to meet a particular situation, reflecting no particular political bias, provided the competition of Russian oil could be removed from his markets? Some people have thought it was; very many observers, including some who should know better, have come to the conclusion that Sir Henri Deterding's enormous and systematic anti-Soviet campaign came quietly to an end about three years ago. These people believe that when Deterding found that the exports of Russian oil had (for whatever reason) decreased vastly to a point at which they no longer very seriously affected the prices he and his friends wished to charge the consumer, he decided to leave the U.S.S.R alone. The reader will see that such notions are completely the reverse of the actual state of affairs.

Sir Henri never ceased abusing the regime and predicting its downfall. Wherever he was, he trotted out the same facile and confident predictions of early collapse.

Far over in California, he was at it. In April, 1930, opening the impressive new Shell building in San Francisco—a blatant four-million-dollar bastion of creeping Anglo-Saxon penetration into key American industries—Sir Henri explained that his concern did not open up relations with the U.S.S.R because it had reason to believe that the Government there and the conceptions on which it operated were doomed. A normal man required about six pounds of food a day to keep him in good health; in Russia the allowance was only three. The nation was now composed of an undernourished people, and there was no hope that it could keep its place in the modern world. After that he got onto his next hobby-horse, control of production and of price.

In the same month Sir Henri made a sudden and much-discussed lightning flight to Paris. The situation there was

tense and explosive. A few weeks earlier the kidnaping of the White Russian Commander-in-Chief, General Kutyepoff, had taken place. Kutyepoff had simply disappeared; plenty has been written about the episode, but no more is known about what happened than was found out when, more than seven years later, Kutyepoff's successor, General Miller, disappeared in almost exactly the same way. Suggestions that Sir Henri had arranged the kidnaping in order to discredit the Bolsheviks go a little too far. Actually Sir Henri had made the trip to talk with the new French Premier, a soulmate indeed, the fantastic André Tardieu, a reactionary and political hack so blatant that he never even bothers to pretend to be anything else. Mixed up in half the big financial scandals of Europe in the last few decades, a journalist, propagandist and politician of brilliant gifts and no principles, Tardieu, a grinning, tough-chinned cynic who loves being drawn or photographed with a cigarette holder in his mouth, had been the headline writer (while very young) on *Le Temps* at the time of the notorious Czarist bribes of the French press through Raffalovitch. He also had been an intimate of Clemenceau, and to a great extent the father of the Versailles Treaty. Tardieu, too clever by more than half, is detested by the French people and repels even many of those whose affiliations might be expected to make them like him; e.g. Lord D'Abernon, discussing debt settlement with the Frenchman, thought he "appeared to be extraordinarily intelligent and quick. This is somewhat marred by a preternatural glibness."

Plenty of mystery had been made of Sir Henri's visit to see Tardieu. There is nothing very mysterious about it. Tardieu was powerful, and he was a Fascist. He believed that those who have power should retain power. Deterding had many things to speak of: the constitution of the French Compagnie Française des Pétroles, in which he had considerable influence; the French naval use of Soviet oil; the possibility of giving his own concern a greater share in French governmental petroleum purchases; the question of French participation (23.75%) in the Mosul oil concern; and the progress of reaction generally.

Sir Henri had many influential friends in France: there were all Zaharoff's men, there was the former Premier and Minister of Finance, François-Marshal, there was Henri Bérenger, there were the bankers Lazard Frères and the financier de Mouy; there were many others. Old Clemenceau had—in the bitter words of one of his own ministers, Émile Flourens—"lived a life of perfect unity"; from the first day to the last by word and by pen he had systematically demolished France in the interests of Great Britain. And was not Tardieu Clemenceau's best pupil?

The right-wing press in Paris was screaming for the termination of relations with Moscow, whose agents had obviously kidnaped the worthy Kutyepoff under the noses of the protective French Government. Sir Henri's outlay in chartering a private plane must have been well worth while. Though the interview, requested or commanded by himself, lasted only half an hour, we may be sure that André Tardieu and Henri Deterding understood one another perfectly.

Two years later, during the hectic crisis of the Stock Exchange fight of 1932, in which Royal Dutch and Shell stocks dropped nearly £15,000,000 in market value within a very short time, Sir Henri again took the opportunity of attacking the Moscow Government, swearing that it was the Bolsheviks who were organizing the campaign. This lurid phase, which involved more or less directly such fabulous figures as Ivar Kreuger, Marthe Hanau and C. S. Gulbenkian, will be dealt with elsewhere.

To the *Daily Mirror* Sir Henri said that the whole thing, though actually operated from Berlin and Paris, was in fact a cunningly organized attempt by Soviet Russia to smash the company and capture the world oil markets. "Moscow has been manufacturing lies about me from beginning to end, and its propaganda has been carried on in a subtle manner. . . ."

Certainly Russia had not been taking the furious and irresponsible accusations of Deterding lying down. Very soon after the intensive 1927 campaign culminating in the Arcos Raid and Rakovsky's recall, A. E. Kalnine, Vice-President of the

Naphtha Syndicate of the U.S.S.R., addressed to the Editor of the *Petroleum Times* a thorough and well-phrased letter meeting, point by point, the wild charges made by Deterding. This letter was published on December 10th, 1927, and subsequently reprinted in pamphlet form. Explaining in simple language that because the Naphtha Trust was able to sell its products at a price lower than that which suited the Deterding combine, it was not necessarily selling below cost, M. Kalnine briefly outlined the rational and wasteless methods by which a nationalized oil industry in Russia was able to operate as successfully as it did. He explained just how the oilfields had been reorganized, claiming that "it is to these efforts that British and other oil consumers owe the present reasonable prices of motor spirit."

He states that Deterding had got wise to the cheapness and quality of Russian oils some time before the man in the street, had bought huge quantities of it, and in the spring of that very year, 1927, had been "more than willing to assume the burden, on his own terms, of course, of marketing the entire exportable Soviet output of oil." He spoilt a beautiful illusion by stating that the Soviet people had ended these conversations because Sir Henri, who was so anxious to see prices kept up, had "asked for a monopoly based on a payment for all oils at a rate of *six per cent below the prevailing world market price*." Sir Henri, he added ominously, was not the only pebble on the beach. Their oil was finding many purchasers who were "unafraid of the dark hints conveyed by him, and unimpressed by his eloquent ramblings on mortality."

M. Kalnine reveals a sound knowledge of Sir Henri's political activities. "It may be unkind on my part to impress upon Sir Henri that the Naphtha Syndicate of the U.S.S.R. intends developing our oil industry and our selling relations abroad without asking either his approval or otherwise. His efforts against the Soviet Union, overt and otherwise, are still very fresh in our minds. We do not need to be told that he and his friends were largely responsible for the era of destruction, blockade and war imposed upon the U.S.S.R. from 1918 to

1921. While we do him the credit of understanding thoroughly well the part he has played in creating political difficulties of great detriment to the countries involved, we will not omit pointing to the fact that the dominant reason has always been that of his own personal interests, and that of the group which he leads.

"During this period not merely the properties of the foreign shareholders, but those of thousands of Soviet citizens were wiped out and many Soviet lives were lost. For Sir Henri to demand under those circumstances preferential treatment to other groups, savors of a colossal amount of presumption.

"It is now a matter of current history that, the moment negotiations were broken off between us, Sir Henri set himself assiduously to precipitating a breach of diplomatic relations between Great Britain and the U.S.S.R. without any regard to the mutual interests of industrial England and Russia; his group's interests had to be served first. M. Delaisi proves this conclusively in his article in the October and November issues of *Foreign Affairs* as does M. Caille in *Le Soir*, and other journalists of Great Britain and the continent. The story of these shameful proceedings has never been denied by Sir Henri. His friends of the 'North Caucasian Oilfields,' in their annual report, confirm his responsibility for the Anglo-Russian breach. The whole trade of the two great countries must be sacrificed to satisfy the aspirations of Sir Henri's group. And then he assumes a halo and preaches a homily based on the Sermon on the Mount."

M. Kalnine, after that useful bit of invective, says that Soviet oil is doing well abroad despite these attacks and winds up: "In closing, I would quote Lincoln for Sir Henri's benefit: 'You can fool all the people some of the time, and some of the people all of the time, but you can't fool all the people all the time.' "

About this time a new force in the world of oil and politics, the saturnine Georgian Djhugashvili—Stalin—who had succeeded Lenin as the most powerful individual in Soviet Russia, talked with a delegation of workers from various cap-

italist countries. One of them asked Stalin, "How does the U.S.S.R Government propose to struggle against the foreign oil concerns?"

To which Stalin, who had learnt his politics in the Caucasus and knew Baku and its importance through and through, replied: "The fact is that certain oil concerns of other countries are endeavoring to throttle the oil industry of Soviet Russia, whereas the latter has to defend herself in order to be able to exist and develop. The Soviet oil industry is weaker than the oil industry of the capitalist countries in regard to production—we produce less than they—and also in regard to markets —they are better connected with the world market than we. How does the Soviet oil industry defend itself? It defends itself by improving the quality of its production and, above all, by lowering oil prices, by throwing cheap oil on the market, cheaper than the oil of the capitalist concerns. You will probably ask me, are the Soviets really so well off that they are able to sell cheaper than the wealthiest capitalist concerns? It goes without saying that Soviet industry is not wealthier than the capitalist concerns. . . . It should be pointed out that Soviet goods, particularly Soviet oil, are a factor in the international market which reduces prices and improves thereby the position of the mass of consumers. This constitutes the strength and at the same time the means of defense of the Soviet oil industry against the attacks of the capitalist oil concerns. This is also an explanation of the violent opposition of the oil concerns of all countries, and particularly of Deterding, to the Soviet and the Soviet oil industry; they disguise their policy of high prices and robbing the consumer by the now fashionable phraseology about 'communist propaganda'!"

From this time onward, Russia's oil output began to increase at an impressive speed. But at a corresponding tempo Russia's own capacity to absorb her own oil went up. Gradually, with the progress of the first and then the second Five Year Plan, internal demand rose until it very nearly approximated the native output. From 1927 to 1937 this tendency became noticeable. For several years after 1927 the exported oil of Russia

was an important factor in the international market, and both Standard and Royal Dutch-Shell were seriously affected by its competition. But the keenness of that particular crisis began to ease off with the spectacularly rapid transformation of the various vast republics of the U.S.S.R. into powerful industrial states, and the astonishing growth in the output of oil-burning tractors for Russia's farms. Deterding and his associates were thus partially relieved of the most harrowing threat to their corporate existence, and began to indulge in fatuous, vulgar and inaccurate sneers at the alleged inefficiency, bragging and failure of the leading men in the Red oil trusts. Sir Henri swore that Russia could not produce enough oil for herself, and that no single oilfield had been developed since capitalist days, that the old ones were mismanaged and that tracts of Soviet territory quite near Baku were suffering from an oil shortage. "Hoping to cover up the chaos into which they have plunged practically every industry in Russia, the Bolshies are constantly crying out loud of their prowess in oil production." The ultra-conservative *World Petroleum*, recognized spokesman of the organized oil industry, had not noticed that the Soviet oil industry had been plunged into chaos. It said in its issue for May, 1932, "Credit must be given to the Russians for enthusiasm and skill in rehabilitating the neglected ruins of the petroleum industry which they inherited. The increase in Russian production from 60,000,000 barrels in 1926 to 156,000,000 barrels in 1931 is an achievement which the capitalist countries can admire while deploring its consequences."

Sir Henri positively screamed his glee on discovering that official Soviet publications have been grumbling about and criticizing various phases of the oil industry's operations. He should know that such perfectly frank criticism of inadequacies and imperfections is common enough in the U.S.S.R., where industrial enterprises have no need to operate behind a smokescreen of advertising and self-glorification. Other competent American judges agreed that a very sound job was being made of the exploitation of existing Russian oilfields and the discovery of others. Native oil men like Lomoff and geologists

like Professor Gubkin announced the discovery of huge new resources in many parts of European Russia, as well as around Lake Baikal in Siberia. Inspired propagandists working in the interests of the capitalist oil trusts did their best to hint that the wealth of these new oilfields had been exaggerated absurdly, and that Russia was really nearly played out petroliferously. The truth emerged from the estimates of men like Campbell Osborn, author of the authoritative *Oil Economics* of 1932, who wrote:

"Under the old practice wells were slowly drilled and obsolete equipment used, but the oil trusts soon changed this. . . . The problems of development have been aggressively attacked. . . . Unless the interesting economic and social experiment that is being made by that vast country, rich in petroleum resources, fails during this period, it seems likely that the strong upward movement will persist. . . . The acre yields have been much larger than any in the United States."

As the second Five Year Plan progressed to an astounding climax, leaving the framework of a huge industrial system firmly rooted in Russian soil, agriculture and industry demanded more and more of the output of the oilfields. That is the only reason that Russia exported less.

In the early thirties, Mr. Jean Baptiste August Kessler, son of "old man" Kessler and a right-hand man of Deterding's today, was active with plans and proposals for coordinating the world's oil into what would in effect be one trust or ring. In an article published in the *Mining Journal* in London in February, 1934, he charged the purveyors of hot oil in America and Soviet dumpers with preventing the glorious consummation of this trust. He accused the U.S.S.R. with selling at prices well underneath the market prices prevailing elsewhere. He indulged in some of that sententious commiserating over the condition of the consumer in Russia in which Deterding had specialized. These charges were carefully and adequately met in an article by "a Member of Soyouznefteexport" which the New York *World Petroleum* published in February 1935. The author showed by figures that in fact Soviet prices were in

many instances higher than those charged in certain markets by the capitalist trusts, and that his concern had had little to do with "the fierce price wars which prevailed during 1933 and 1934 in China, India, South Africa, New Zealand, Japan, Sweden, Manchuria and England." The article, which the magazine published "without prejudice," contained several paragraphs in which the author, while making it clear that Russia was definitely willing to consider proposals for regulating the world petroleum market ("These plans at best are palliatives, but the U.S.S.R. is not opposed to palliatives"), gently explained the futility and pathos of all talk of "planning" a great world-wide basic industry while its control, its *ownership*, remained in private hands and its motivating forces were those of profit. "There is no reason for surprise that all efforts at 'planning' the petroleum industry on a national or world basis have come to naught. Planning is possibly only in the U.S.S.R."

Deterding's attacks on the U.S.S.R. had not ceased. His spearhead, as the twenties came to an end and Europe's politics tautened with the unemployment and misery following the slump, became the reactionary movements in Germany. The shadow of Fascism was over Europe, and the aim of every logical defender of the capitalist system was to find some common basis of operation by which the innate economic and political antagonisms of the various capitalist states of the West could be reconciled sufficiently long for a great war of conquest on the Bolshevik Government. There were various political pimps, errand boys, eavesdroppers and baby-carriers, the whores and stooges and stool-pigeons of history-in-the-making, who scuttled from capital to capital in their self-appointed roles as architects of the glorious new Europe of the future. Many of the idealistic-sounding and much-touted plans for a Federation or a United States of Europe which were tossed around at this time had some joker in the way of a provision for direct or indirect anti-Soviet action. The business world usually delegates the execution of its wishes in the specifically political sphere to supposed experts, but there are a few who tamper directly. Sir Henri Deterding is one of those big international magnates

the scope of whose interests makes a disinterested attitude towards politics out of the question: not only were his activities daily affected by political trends and humors, but, despite all the disavowals made by such associates as Waley Cohen and Bearsted, he was compelled, or saw fit to take, an active political line himself, personally. Ivar Kreuger, the Swedish match king, had similar ideas. The two men met, though there is not much evidence of a concerted plan. Kreuger's fantastic program of big loans to governments in exchange for match monopolies could not be a matter of indifference to the Soviet Union. One of their principal products was wood and matches, and in the world market they invariably found themselves face to face with the competing product of Kreuger and Toll. Kreuger, as many European newspapers testified long before he made the sensational headlines announcing his suicide in March, 1932, was vigorously maneuvering against the U.S.S.R., and his loans usually depended on the pursuance by governments of some sort of anti-Soviet policy.

In 1930 came the Ramzin state trial in Moscow, at which, while the press of the world laughed sham-heartily at this latest manifestation of Soviet theatricality and persecution mania, empty seats were set aside for those especial enemies of the people of the Soviet Union whom the court had not been able to bring to trial. Among them were Raymond Poincaré, Winston Churchill and Sir Henri Deterding.

One of the accused, Laricheff, was charged with engineering sabotage and he claimed that he and Prof. Ramzin had talked their plans over with T. E. Lawrence at London's Savoy Hotel in September of 1928.* Deterding was outraged: "I have never done anything which I would not be legitimately entitled to do. I have no knowledge of this plot, either direct or indirect."

* The charges made by the Soviet Government, if correct, involved important statesmen, diplomats and industrialists of France and Great Britain. Laricheff was accused of sabotage in the oilfields, and apparently Lawrence was suspected of organizing and inspiring the campaign in a semi-official capacity. The purpose of the agitation in the Caucasus, needless to say, was, now as ever, the separation of Georgia, Armenia and Azerbaijan from the Soviet Union and the restoration of capitalism. Deterding was openly accused of being one of the leading instigators of the campaign.

In 1931 Karl Radek took a smack at Deterding in the widely published *Open Letter*, which gave some account of the Dutchman's activities and pithily told him what he could go and do.

The political, economic and propagandist campaign against Russia ploughed systematically on.

It was not merely a matter of a letter or two in the newspapers of London, Paris and New York. Every small country was taken care of. Germany was so involved in intrigue that I shall postpone dealing with that situation until the last, so that some attempt can be made to coordinate and systematize the far from haphazard open and semi-secret maneuvers which went on in that wretched republic from 1919 to 1933.

I have given details of some of Sir Henri's anti-Soviet activities in England, in France, in Holland and in the United States. In Spain he fought hard to oust Soviet and Standard products, and, when dictator Primo de Rivera confiscated the plant and stocks of his own and the American trusts, he took a prominent part in a comprehensive campaign which drove down the peseta, spoilt the British market for Spain's basic export, fruit, squeezed the country and finally drove Rivera to an ignominious defeat and to death in Paris. In Italy he was active; he met Mussolini, and he did not spend all his time discussing educational theories and the need for inculcating a sense of respect in the young.

In Belgium in 1931, to name one date only, he was regarded as the inspirer of an article in *L'Indépendance Belge* (ironical title!), subsequently borrowed by *Le Matin*, *Le Journal*, *Le Petit Journal* and *L'Echo de Paris*, in which the recent declarations of M. Theunis about the Soviet menace were approved. The article excitedly explained that the U.S.S.R. Government, not content with encouraging pacifism and preaching Communist theories abroad, was systematically attacking big business by propaganda and skilled stock-market onslaughts. "Among the enemies against whom the Soviets have already declared a war to the death, the most important are Sir Henri Deterding and Ivar Kreuger." The reason for this was that "these two men have, from the beginning, understood the real

danger of world revolution, and also because both are the most direct competitors of Soviet industry and commerce." The Soviets were accused of having recovered the losses they were assumed to have made in supplying Primo de Rivera's Spanish monopoly at a low rate by selling, through their agents, large blocks of Royal Dutch shares. The cads then began spreading malicious rumors on European bourses. They even went so far (this was late in 1931, remember) as to hint, most unsportingly, that even in a capitalist sense the economics of M. Kreuger's card-pack of holding companies, loans and trusts were not absolutely sound. The article complained of the daily press attacks and caricatures of Sir Henri in the Soviet press; it complained, too, of Ilya Ehrenbourg's recent book attacking Kreuger. And finally it repeated the urgent note of warning—without exactly specifying what should be done. French and radical and liberal commentators were in no doubt that the campaign was paid for by those interests most likely to benefit by a steady lessening of Soviet contacts with the outside world.

When, a few months later, the Kreuger suicide and its resulting disclosures astonished the little men of all the world and brought a certain color to the cheeks of a few "leading economists" of Europe and America, rumors became current that Sir Henri had been approached by Kreuger for a loan shortly before the latter's last act. In Amsterdam a report circulated that he had decided to retire. Deterding did not like this. "The rumors are lies from beginning to end . . . part of a determined bear attack from Moscow. They are manufactured in Paris and financed from Moscow."

Deterding had not given up his onslaughts on Russia. While dashing back and forth to New York, Berlin, Paris, Amsterdam and sometimes further, and proposing, sometimes personally, sometimes through such able lieutenants as J. B. A. Kessler and the interesting Englishman, Frederick Godber, various plans for control and cooperation, he showed a steadily rising warmth and commiseration for the wretched lot of the people of Russia. In the 1931 Annual Report of the Royal Dutch, he deplored the spectacle, inhuman and disturbing, of 160,000,000

forced to the service of the Five Year Plan. "Their living conditions are such as no other people have ever been subjected to. Their working conditions are largely those of forced labor. Freedom of movement, not to speak of freedom of thought, no longer exists, and the Soviet Government has, moreover, decreed a drastic reduction in consumption and an unheard of lowering of the standard of living, in order to start dumping large quantities of all sorts of commodities in foreign markets, so as to acquire the necessary funds for their expensive Five Year Plan.

"We therefore see that, as consumers, 160,000,000 Russians have practically disappeared from the market, even agriculturalists not being permitted to use their own production as they wish, and the Soviets have appeared as suppliers of a number of commodities in competition with other producers who are already hard hit by the practical disappearance of Russia as a consumer."

From which Jesuitical passage we are forced to agree with M. Mennevée, who thinks that Sir Henri would have done well in the Catholic Church had he not chosen his not-so-different calling.

Two years later two of Sir Henri's favorite British organs, the reactionary "quality" papers, the *Daily Telegraph* and *Morning Post* (now merged), published letters harping on the same theme. Sir Henri, as befits such an ardent believer in simplicity, is a man of sweeping, superbly direct cures. I'd hate to have him around when I had a boil or an aching tooth. For example, the cure for the world's ills could be summed up (on one occasion, anyway) in three words: "Gold be damned!" A British slump, on another occasion, could be abolished by giving loans to our friends instead of our deadly enemies, to wit, Australia instead of Soviet Russia. (You will notice that the cures are invariably remedies which, on application, will not altogether injure shareholders in the Royal Dutch-Shell companies.) The American slump, he told New York reporters, tensely recording the sage's maxims, could be swept away over-

night if only the railways would go right over to Diesel engines.

In 1931 Sir Henri had got around Europe most energetically. The man who was so anxious to see the world's troubles relieved, as he believed or suggested they would be once concentrated action had been taken by "all the leading politicians of the world," undertook a tour, which as the *Daily Mail* observed on March 28th, aroused keen speculation in London and elsewhere. The architect of political alliance had taken in the United States and then France, Germany, Holland, Belgium and Roumania; we were informed that he had met everyone prominent in the political and business worlds. He was to proceed to Warsaw, where he would confer with that blunt advocate of might, Marshal Pilsudski.

Late in March he was in Bucharest, where the *Manchester Guardian* (March 27th) reported him as having "strenuously blamed the policy of the Soviets in flooding the market with goods that were only available because the inhabitants of Russia were being starved. He was sure the world crisis would not end so long as the Soviet system lasted."

Sir Henri knows all the best people. This enables him to economize on hotel bills and such incidental expenses. In Bucharest his host was King Carol. This splendid ruler who loves his own people, French financiers, German propagandists, Jewish women and British country houses, has conferred a decoration on Sir Henri, and is quite in the oil man's class as a political and economic miracle man. On the day I write this, the newspapers report his heroic utterance from Bucharest: "Roumania must be saved, and I have decided to do so. This is my personal and individual thought. During the last eight years I have devoted all my thoughts and efforts to guiding the country on the basis of the political parties." Democratic procedure in Roumania had proved a disastrous failure, "profoundly harmful. . . . I shall change this dangerous state of affairs." This was to be done by making premier a spade-bearded cleric, the Patriarch Miron Christea, who would form a Government of responsible men, who, "guided by sincere

patriotism and free from the shackles of party activities, will have time to devote thought and effort to the good of the people." In his flair for inspired simplification and in his regal disregard for democratic rights, King Carol proves a good pupil of Sir Henri Deterding.

But the key to the situation, for years, had been Germany. The hopes of every reactionary in Europe had been centered on reaction in that country, centered from a date many years earlier than the accession of Hitler's Nazi Government to power in January, 1933. Among the high-powered bigots, industrialists, politicos, clerics, congenital militarists and panicky property owners who longed to smash the Red regime through some such instrument as the Nazi war machine, Sir Henri Deterding gave place to none.

XVIII

EARLY in April, 1933, an incident took place near the German border of Austria which brought to an end one of the strangest careers of post-war times. Three great Mercedes-Benz cars, the expensive type which many of the Spartan Nazis appeared to need, came into Austria from Germany. Two were filled with storm troopers; the third contained two elaborately clad "executioners." They succeeded in getting past the frontier and pulled up a few miles further on at the Plattl Inn.

They first cut the phone wires; they then surrounded the inn. The residents and staff of the inn were terrified, and kept out of their way. Two storm troopers went into a room and found the man they wanted, a large, jovial-looking German who was talking to an Army officer. One of them addressed him:

"You'll have to come with us, Bell. The political police at Munich want to talk to you."

He resisted; the "executioners" then walked into the room; firing five shots into his body, they put an end to the activities of Georg Bell. Then a shot was fired at Major Hell, Bell's companion, wounding him severely.

The Nazis then drove at a terrific speed back into Germany. At the frontier they stepped on the accelerator, and yelled out that the Munich political police took all responsibility for what had happened at the Plattl Inn as they went past. The guards' attempt to stop the car failed.

Why had the Nazis to get rid of Georg Bell? The answer is that he knew too much about a great many things the Nazis and their friends wanted hushed up.

Bell was one of those extraordinary political adventurers

with whom Central Europe teemed during the post-war decades. He had no convictions, no principles, no scruples and very few fears. And he appears to have acted as a link between various vested interests and different political movements and intrigues in Germany during the ten years previous to his death.

Deterding's activities in Germany were varied. Not only had he a big oil-retailing connection there (anyone who knows Berlin will not need to be told of the striking modernity of the immense "Shell-haus" on the banks of the Spree in old Berlin) but he was in touch with influential bankers and orthodox politicians, and was perfectly willing to contemplate Germany under the rule of those who believed in the political conception known as Fascism—i.e., the forcible suppression of criticism and opposition in the interests of the big property owners; capitalism stripped to the waist, teeth bared and every purchasable ally armed.

From about 1925 on, the intrigues of extreme reactionaries in Germany became more pronounced and more daringly adventurous. Broadly speaking, all those Germans who were not socialists of the Marxian variety consciously envisaged or subconsciously acquiesced in the idea of a Germany of the future which would have expanded either westward at the expense of Holland, Belgium, France and England or eastward at the expense of Poland, the Balkans, the Baltic countries and Russia. The big capitalists, the steelmasters and coal barons of the Ruhr, the chemical and electrical and shipping and potash magnates, the landowners, the soldiers and the politicians, were split up into two groups, each endeavoring to maneuver the political development of Europe to suit one or other of their plans. Broadly speaking, the Schlieffen Plan for the smashing attack, by every available weapon, on the Netherlands, Paris and London, was the reflection of the former of these two conceptions in the military mind. To carry out the Schlieffen Plan, many of Germany's biggest industrialists and soldiers would have liked an alliance—and not an alliance based on a previous conquest of the one by the other—with Russia, capitalist or otherwise; and it is here that the explanation is to be found

in the events leading up to the execution of Tuchachevski, Putna and the other Red Army Generals found guilty of a conspiracy with the General Staff of another power.

The other plan, the Drive to the East—Eastern Europe rather than the Asiatic Near East—found its principal and most fanatical advocate, in the twenties, in the old General of the Kaiser's Imperial Army, General Hoffmann.

Hoffmann had played quite a prominent part in the Great War of 1914-1918; he had brought off some spectacular and brilliant victories on the German eastern front, and no one questions his technical gifts in the alleged art of war. The victory of Tannenberg, which broke Czarist resistance to Germany, has been attributed by various writers to Hindenburg, Ludendorff, Hoffmann and von François, the cavalry commander who brought off a smart encircling movement; the general opinion now is that Hoffmann deserved most of the credit. From the date of that crushing victory until the day of his death in 1929, Hoffmann's mind was possessed with the *idée fixe* of a war on Russia; he saw himself as the leader of a crusade directed at Moscow, which he had learnt to regard as the chief center of activity against the things which seemed most important to him. Hoffmann is about the fifth or sixth would-be Napoleon to figure in this story.

The collapse of the Czarist army gave Germany an opportunity of concluding a peace with the new republican and, later, Sovietized Russia on terms which were necessarily humiliating for the latter country. Lenin and Trotsky did not mind; they wanted peace at almost any cost. It was General Hoffmann who enjoyed the sadistic glee of forcing terms on the new Russia. At Brest-Litovsk he met them and, during the negotiations, he got as close an insight as he was capable of into the mind of a socialist. He realized that the new rulers of Russia were men with ideas which might easily bring about the disintegration of the capitalist states of Western Europe. This idea became an obsession. His memoirs, under the title, *The War of Lost Opportunities,* wailed at the failure of anyone to march into Moscow and smash Russia into fragments. As soon

as the war was over he began, personally and through the numerous agents he could find, to tout around Europe the idea of a plan for a concerted capitalist attack on the Bolsheviks. Within a few months of the signing of the Armistice, influential French capitalists and soldiers, particularly Catholics, were interested in this plan, and shortly afterwards some of them came out openly in its favor. On November 22nd, 1919, the *Daily Telegraph* of London published an interview in which Hoffmann delivered a panicky warning and a violent attack on the U.S.S.R. This interview, printed with "express permission," included the words: "During the past two years I have gradually come to the conclusion that Bolshevism is the greatest danger which has threatened Europe for centuries. . . . Unless it is crushed it is bound to spread. . . . Before Russia can help to feed the rest of Europe she must be supplied with ploughs and reapers and re-equipped with machinery. . . .

"I take the view that the public opinion of the civilized world should know how great the danger of Bolshevism really is, and what strong forces are needed to combat it with success. I regard it as very questionable whether the Russians by themselves will ever crush Bolshevism. . . ."

General Hoffmann, in spite of his glorious victory at Brest-Litovsk, was not a diplomat. He was a soldier. But, as he irritably watched Europe settle into that condition so exasperating to the professional soldier, the comparative absence of war which we call peace, he realized he would need agents, under-cover men, cup-and-saucer charmers, newspaper johnnies and subsidy cadgers. He found them. The Hoffmann Plan emerged; its importance to every living man and woman, its essential position in the core of the Nazi strategy for reshaping the world, has been superbly analyzed and explained by Ernest Henri in the middle chapters of his *Hitler over Russia.* Whether the Hoffmann Plan "will become world history," as M. Henri says it will, remains to be seen.

Chief among the organizers of the business and financial and military backing for the active realization of the Hoffmann Plan was Arnold Rechberg, "the German Zaharoff." Rechberg

has worked more tirelessly and, in the outcome, more successfully for the establishment of a bloody reaction on the ruins of the German republic than any other man in Europe. Conservatives who have been accused or suspected of associations with Hoffmann, Rechberg, Rosenberg and the other financial incredibles of recent German affairs take care to explain that they had little to do with them because they were so wild and impractical. In spite of these alibis, the fact remains that between them these merchants in everything that is murderous and anti-social, vicious and inhuman, have found a serious and sympathetic hearing in half the military and civil clubs of Western Europe, as well as financial backing from interested parties prepared to gamble something considerable on the chance of a powerful military attack on the U.S.S.R.

The Hoffmann Plan found influential advocates in Berlin, Paris and London. Arnold Rechberg was close to Hoffmann and he was an intimate of the Crown Prince, himself inextricably involved in the messiest and most vicious circles of Berlin reaction. Hjalmar Schacht, financial prop of the Nazis since their first days, is "an old personal friend" of his; Franz von Papen, war-time spy and, as Chancellor in 1932, midwife to Hitler, made "blindly enthusiastic" speeches in favor of the Hoffmann Plan at the Junker "Herrenklub." He intrigued, in the later twenties, to remove all opponents of the Plan from important official positions in Berlin.

Rechberg, on the express authority of the Crown Prince, trotted around Europe in the years 1925-27 in an attempt to create a military and industrial union between France and Germany to be used as a basis for a mighty attack on the Soviet Union. Britain, in effect blackmailed, was told she might come in if she liked, and there is no doubt that most advocates of the very comprehensive Rechberg Plan for pooling of the resources of French and German capital also contemplated a violent economic and probably military attack on Britain. It was Rechberg who animated the movement towards the creation of Franco-German cartels in each important industry, notably the steel and potash industries, in each of which he and his friends

had substantial interests. He wrote endless letters to the Conservative Press of both countries, a correspondence which, with replies and comments, fills 126 columns of small print in the French journal which has had the intelligence to reprint it. A reading gives a horrible picture of intrigue, corruption and exploitation; it also reveals that Sir Alfred Mond, Lord Melchett, a subtle and industrious enemy of labor who had strong Fascist sympathies, the creator of Britain's Imperial Chemical Industries, was a supporter of Rechberg's doctrines; that Foch, Poincaré, Paul Reynaud and very many others in France were for the Hoffmann plan, and that all sorts of officials and politicians in Western Europe, including Britain, were ready to jump on the wagon at the right moment.

Georg Bell was one of Rechberg's errand boys. Bell had connections with many big business men as well as with various political movements. A German subject, he was born in Nuremberg, the son of a Scots father, and had been trained in technical science. It was through Bell that Rechberg made contact with Sir Henri Deterding. Rechberg made it his duty to nurture, finance, foment and cherish every kind of reactionary Fascist semi-militarist organization in Germany in the days when there really did seem a chance of disarmament and European peace. These organizations he would then use to blackmail politely French and British reactionaries who hung back when he invited their cooperation in his anti-Soviet plans. Thus, in his letter to the Paris *Éclair* of July 19th, 1925, Rechberg boasted of the power of the superb new militarist youth movement in his country, the Jungdeutsche Orden (the Order of Young Germans) which "is the strongest of the patriotic organizations of Germany. The members of this organization which, it is understood, is not armed, amount to no less than two million, mostly young men of between twenty and thirty years of age. They are animated, without exception, by a lofty patriotism, exactly like the Italian Fascists." He then proceeded to show that Malbraun, the leader of this order of lofty patriots, was determined to force capitalist Europe to pool its material resources for a war on Moscow.

But Rechberg had not forgotten much humbler patriotic organizations than the now forgotten Jungdeutsche Orden of the now forgotten Malbraun. Before the National Socialist Party had been founded, he had known the student Alfred Rosenberg, that Rosenberg from whom all the ideological drivel upon which the Nazi movement pretends to be based was derived. In his favor be it said that Rosenberg doesn't believe a word of it; as he said to Johannes Steel, he went into the movement for what it would bring him. A small, insignificant, cowardly and altogether detestable adventurer, he has written and spoken more racial and economic rubbish, perhaps, than any other Nazi; a real distinction. This fervent German patriot and advocate of Nordic racism, who spent a good deal of the war period in Paris and was certainly not born in Germany, has never denied the charge made by the journalist Georg Szell in a letter circulated secretly in Germany, that he is of mixed Mongol-Jewish-French-Lett extraction. It is he who has told Germans, quite concisely, that "to murder a Polish Jew is not really murder, as it would be if the victim were Nordic," and then gone on to extend the freedom to be murdered to Socialists such as Jean Jaures.

Rosenberg was in the Nazi movement early. His particular duty was to see that it grew into a powerful instrument for the advocacy and ultimately the execution of the Hoffmann Plan. By the end of 1919 he had hitched himself to the neurotic demobilized corporal, Adolf Hitler. It was Rosenberg who first edited the party newspaper, the *Völkischer Beobachter*, who worked out the party's racial ideas and its foreign policy. It is now believed to have been Rechberg who actually introduced Hitler to Rosenberg. In 1921, it was Rechberg who found the money for the purchase of the *Völkischer Beobachter*. It was he who fixed up the Nazis' early business contacts, and brought in the Ukrainian nationalists whose activities we have already followed. After the Nazi failure in the 1923 putsch, Rosenberg, thanks to assistance from Rechberg and his business friends, was able to pull the disintegrating movement together again. This was long before the heavy industry of the Ruhr,

notably Fritz Thyssen's United Steelworks, had begun to hand over millions; there were other movements which, at that time, seemed a much better investment for reactionaries.

But Deterding was impressed, and the Dutch press reported that, through the agent Georg Bell, he had placed at Hitler's disposal, while the party was "still in long clothes," no less than four million guilders. This huge subsidy came at a decisive moment in the history of the growing Nazi movement. Let there be no doubt that, had it not been found, the whole racket might have collapsed and the history of Germany and of Europe might have had a different complexion. Georg Bell was continually visiting England at this time.

Early in 1930 a most extraordinary trial was held in Berlin. This was the famous but still extremely mysterious affair of the "chervonetz" or "chervontsi." Chervonetz were Russian banknotes, and two Georgians, former aristocrats, were accused, with a number of associates, of having forged an immense number of these notes for political reasons. It is not quite clear whether Soviet credit was to be impaired by flooding capitalist Europe with these notes, or whether the Caucasian Soviets were to be demoralized by the sudden influx of worthless chervonetz. At all events, the intention was to create political tension and disorder in the U.S.S.R., and particularly in the Caucasus, and this tension was to be followed up by a rising of "the sound elements" and a call to arms to all White Russians to strike at the Bolsheviks while they were wobbling. Probably the idea included a general war on the Soviets, but there is evidence of disagreement among the parties to the plot and of apathy and lack of confidence in some.

The two principals in the case were Karumidze, "the uncrowned King of Georgia," and Sadathieraschvili. Associated with them, more or less directly, were General Hoffmann, Georg Bell, and a Bavarian business man named Willi Schmidt; and accusations of complicity were made during and after the trial against the Nobel family, Sir Henri Deterding and even the German and British Governments—or, at any rate, against their irresponsible officials. The excitement of the affair, as

well as his general old age and his shrill and jittery Russophobia, unfortunately brought about old Hoffmann's death just before the trial.

Exactly how the forgery came to light is still a mystery. The most credible explanation came to me as first-hand information from a man who gives evidence of knowing as much about the Chervonetz Affair as anyone else. According to him, a remarkable coincidence led to the discovery of the forgery. The forgeries, it seemed, were done in Frankfort, and were lying there packed in huge bundles waiting for *der Tag*, when one of those things happened. Just at that very moment some other Georgians living in Paris had had exactly the same notion of forging chervonetz. But these Georgians were not ambitious political boys; all they wanted was a little ready cash to enable themselves to eat, drink and make a little merry in Paris. The forgeries were very clumsy and were spotted at once. An international warning was sent out that some of these forged chervonetz might be around, with the result that inquiries and searches were made, and the German police blundered on the Frankfort hoard.

One thing followed another, and more was discovered than tactful policemen ought ever to find.

The trial produced a few laughs and so many revelations that more and more people, and bigger and bigger ones at that, began to breathe uneasily and sweat a little at the neck.

The *Morning Post* referred to "the rather heavy humor of the judge." But as the trial wore on and it became clear that the case was not what it had at first seemed, an episode of petty ambitions and ridiculous and clumsy blunderers, but a hint, a leakage, a glimpse of the underworld of big business and crazy politics, the tendency to crack jokes became less pronounced.

Schmidt admitted that his principal motive in associating himself with the plot was the hope of making money out of it. He agreed that he had paid £250 towards General Hoffmann's expenses to go to London. In London various big interests in finance and industry were in favor of the Plan,

and it was reported (e.g. by the well-informed gossip writer of the *Evening Standard*) that copies of the General's memorandum for a Franco-British-German alliance against the U.S.S.R. had been sent to the Foreign Office and to Winston Churchill. The same writer in the *Standard* agreed that "at the end of his life Bolshevism had become an obsession" with Hoffmann, and "that he tried to establish contact with anti-Bolshevist circles in this country is a fact."

Schmidt, under cross-examination, said that he had "the greatest confidence in General Hoffmann, both because of his personal character and because of his alleged association with big oil interests in England."

Quite early in the trial Karumidze mentioned Deterding as one who was interested in their plan.

Schmidt testified that he was interested in getting Communist activities in Germany suppressed and that he believed it would be necessary to overthrow the Soviet regime in Russia before starting on the natives. At this stage a dangerous document "that might endanger the safety of the German state if it were made public" was read in camera.

It was said that Hoffmann had been introduced to Karumidze by the German General Kress von Kressenstein, famous for his wartime activities in the Caucasus, and the name of General Stokes, the British commander in the same region in 1919, was also mentioned.

The *Evening Standard* contrived to buttonhole Sir Henri Deterding at his winter sports abode in Switzerland, at St. Moritz. Sir Henri wanted it to be understood that there was no truth in the suggestion that he was mixed up in the affair. "Bolshevists," he said, "have always been eager to throw mud at my name, and now the Georgian patriots seem to be doing the same." He was astounded, he said, when he first saw reports in some German newspapers, and that was the first he knew of the case. Most emphatically he knew nothing of the plan, and it was a monstrous thing that these Georgians should use his name to shield themselves.

"It is true that I knew General Hoffmann. I admired him

as a man. I admired him as a soldier and leader of men. And unhappily he is now dead, and cannot defend himself. But I will defend him." After explaining that Hoffmann would never have associated himself with such mean and underhand methods as the one of which the Georgians and their allies stood accused, Sir Henri went on:

"General Hoffmann was an implacable enemy of Bolshevism. He worked for years on a scheme to unite the great powers to fight the Russian menace. But I am perfectly certain that he knew nothing about forging Russian currency.

"I am perfectly certain he did not plot in regard to Georgia. That he was keen for a fight with Moscow is known to every student of post-war politics. It is a great shame that he is dead, for he would have had a complete answer to his traducers. . . ."

In spite of this, General Hoffmann's widow, quoted in the German *Vossische Zeitung* for February 2nd, 1929, testified that her husband had discussed his plan for military intervention against the U.S.S.R. at the Hague in 1925. In the summer of 1926, Deterding had invited him to London, where the general explained his plan, in exact military terms, to Commander Locker-Lampson. Apparently Hoffmann wanted to see Austen Chamberlain, but he was not lucky. He was actively in touch with the Ukrainians, who, as we have seen, were particularly prominent about this time, and, so his wife says, "told them very frankly that he could cooperate with them only if he won Britain's interest for the whole problem." Some months after this, Locker-Lampson is reported to have invited the general to London again, but the old man was getting fed up with delays and lack of official support for what, we know, seemed to him overwhelmingly the greatest need of the age. This does not accord with the commander's own account of his relations with Hoffmann. At the time of the Chervonetz Affair he too was in Switzerland, and a *Daily Express* man told him what the people in Berlin were saying about him. He agreed that he had met the General several times, and in London, but had no recollection, he said, of discussing any program or of having been shown one by Hoffmann. The old general

"had many ideas, but the truth is that they were not possible. Many of his schemes, I am afraid, were wild, and I can only say that I put no faith in them or in anything he showed me." He denied categorically that he had been willing to discuss the formation of an Anglo-German military alliance for the "liberation" of Russia. Sir Henri spoke to the *Daily Express*, too, from his Ascot home this time, and elucidated his position still further. "I have never met General Hoffmann and Commander Locker-Lampson together. General Hoffmann I knew well, and I had the greatest respect for him, but whenever he spoke to me about his plans I always said to him, 'You must see someone else. I have nothing to do with politics of any kind.' "

Sir Henri Deterding, be it noted, told Max Hoffmann that he had nothing to do with politics of any kind.

"I told him that I am a guest in this country, and for that reason alone I would not meddle in English politics."

It was Dr. Ber, one of the lawyers defending the Georgians, who first accused Deterding of having directly or indirectly financed the plot. The scheme was elaborate and, in view of the conditions existing in Eastern European politics, it was very far from being a fantastic project. Commander Locker-Lampson called it wild, but was it so wild? It was vicious and reactionary, anti-social and barbarous, but in what way was it at variance with the general frame of mind and outlook of the ruling classes of Western Europe? Only one thing stood in the way of its being attempted: practical considerations, based broadly on three fears—the fear of the military strength of the Soviet Union, roused to the defense of its interests; the muddled, but quite pronounced awareness that conflicting capitalist greeds would spoil even a victorious descent on the Ukraine and the Caucasus; and the certainty that the working class of Western Europe would raise a hell far from merry for the warmakers.

According to the revelations made at the trial, the British and German Governments would concentrate on acquiring for their friends economic interests in southern Russia, and the

Caucasus, once taken, would be used to dam back Bolshevist expansion in the direction of Persia, Turkey and India. Germany's chief task was to supply military and technical leadership, troops, instructors, war material and arms. The English were to apply pressure, diplomatic and financial, on Roumania and Poland to compel them to take part in the crusade. English and German "spheres of interest" were to be established in the Ukraine and in the Caucasian states. Syndicates were to be formed for the "economic exploitation of the liberated land."

When the Judge remarked: "Economic factors such as oil wells and minerals seem to play a dominant part in the scheme," he was not giving away much.

Georg Bell was one of those who were involved in the affair. He contrived to get acquitted, and his subsequent revelations, in which he suggested that the German Government knew quite a lot about the factory for forging notes (and that it had at other times been used to forge thousand-franc notes to damage French currency), give an idea why proceedings against this man who knew so much were dropped. Bell had been in contact with Georgians, Ukrainians and every variety of German Fascist movement for years.

The trial ended in an extraordinary fashion. It was argued, fantastically, that since the notes had not been circulated, no forgery in the strict sense of the word had taken place, and then, after agreeing that "counterfeiting of Soviet currency was definitely proved," the court acquitted three of the accused and dropped the proceedings against the remaining six. The prisoners, solemnly announced the court, "were, however, actuated by unselfish political motives and entitled to be acquitted."

Believe it or not, that was the verdict. Exactly what had happened is still not clear. It is a fact that early in the proceedings the German police had asked permission to search the Berlin offices of the Royal Dutch-Shell, which were widely suspected of being in some way, probably very roundabout, the inspirers of the plan. Later on the police, obviously on instructions from higher up, became much less anxious to pursue

the matter. It was eddying out like a pool into which a heavy stone has been thrown. Plonk! Wider and wider the circles appeared. The *New York Times* reported: "Although the [German] Foreign Office and the British Embassy declare that nothing will be kept from the public, it is an open secret that the police have orders to hush up the whole matter."

It was rumored that the Georgians managed to sabotage the trial by threatening to say all they knew, and this resulted in hectic communications between London and Berlin, resulting in the hasty acquittal of Bell, Karumidze and Sadathieraschvili and the hushing up, so far as possible, of the whole affair.

Before the Nazis got to power Rosenberg made at least one visit to London, and in these matters the intermediary between him, his Nazi associates and British business circles was Georg Bell. In 1931, Bell came to London with orders signed by Roehm, the leader of the huge and growing "private army" of Brownshirt storm-troopers, whom Hitler afterwards killed. This particular secret mission was concerned with the efforts which were still being made to build up a Holy Alliance of capitalist reaction between England and Germany and against the U.S.S.R. The diehard *Morning Post* says that Bell's instructions were "the same in substance as those carried by Herr Rosenberg on his recent visit to London." He was to explain to the City that "to aid the Nazis money should be advanced them by England." The *Daily Express* Vienna correspondent reported (April 5th, 1932) that on another occasion Bell, who had at one time been employed "on work of international importance by the British Secret Service," had been refused permission to enter Britain via Harwich, and that the refusal had panicked him, knowing as he did that he had many enemies and many "friends" who would not be sorry if he ceased to live.

Rosenberg, by general consent one of the most insignificant and fifth-rate talents in politics, quite apart from his corruptness and sinister purposes, was treated as an important and influential visitor by many of the most powerful and strategically placed Conservatives in England.

Early in December, 1931, he was received at the Junior

Carlton and Carlton Clubs, Britain's last ditches of bigotry, philistinism and savage determination to find every possible instrument for the preservation and extension of privilege and inequality. In those moves, he had the open and tacit support of the Rothermere Press.

This visit of Rosenberg's was solemnly said to have "no political significance." In fact, it was a typical Nazi job; Rosenberg was delegated to combine a little blackmail with some dangling of juicy baits before the slobbering lips of the insatiable dividend-hogs of Lombard Street. Everything would be marvelous—if only the Bank of England and some others would just back up the Nazis; once they had power in Germany, everyone would be satisfied, except perhaps the ordinary people in Britain, Germany, France and the U.S.S.R. Rosenberg met representatives of the American-German banking house of J. Henry Schroeder, which was also directly tied up, through the financier F. C. Tiarks, with the Bank of England. (Tiarks was a director of the bank, as well as of the Anglo-Persian. In Germany it was connected with the Baron Schroeder at whose house at Cologne were to take place the final von Papen-Ribbentrop-Thyssen-Hitler intrigues in the hectic days of January, 1933. He met the almost comically reactionary advocate of Bismarckian methods, Lord Lloyd of Dolobran, and the cellophane-wrapped Fascist Walter Elliott. And, in spite of all denials, he was believed to have met the Governor of the Bank of England, Montagu Norman, who, apart from his strong class outlook, has elaborate personal ties with Germany. Rosenberg, whose status in 1931 is not quite clear, was quoted in the *Daily Mail* as saying that "the Nazis felt compelled to explain to Britain that a political and economic catastrophe cannot be avoided unless all reparations debts are canceled." What Rosenberg meant by catastrophe was of course a catastrophe only to him and to those who shared his idea. But the British knew he was right, and Rosenberg had something to offer in the way of compensation. What, in effect, he was saying, was this: "You're not going to get your reparations anyway, so you may as well come in with us now. We're going

to grab half Russia and *you* know how rich it is." He was offering them a bribe for their support now, while he and the other gangsters needed it. Was this not precisely what Rechberg had been saying in half the Tory rags of Europe for the better part of a decade? A letter from Rechberg to the Paris *L'Eclair* published on September 12th, 1925, under the title "The Bismarckian Method" offered just such a perfectly frank proposal of a joint burglary of Russia.

It is believed that on this visit Rosenberg's secretary and contact man was Georg Bell. Bell had useful connections with business and politics, and it is reported by Johannes Steel that he had attended a number of meetings of the "Ukrainian Patriots" in Paris as joint delegate of Hitler and Deterding.

During February Deterding was in the Hague, where he had, so Steel reports, asked Bell to meet him. But Bell was already in a very jittery state, owing to the part he had played in a happening not usually associated with his name—the burning of the Reichstag.

Who burnt the Reichstag? The authors of the well-documented *Brown Book of the Hitler Terror* have proved conclusively that it was done by arrangement with friends of the Nazis in order to enable them to smash all opposition in Germany, to destroy the Communist and Social Democratic Parties, to occupy all Trade Union premises and confiscate all funds. It was Georg Bell who first got in touch with the semi-cretinous Dutch homosexual, Marinus van der Lubbe, the man whom the Brownshirts used as their tool, in an endeavor to prove that he was a dangerous foreign Communist. The meeting took place either in April or in May, 1931, during van der Lubbe's first visit to Germany. Bell himself is believed to have shared van der Lubbe's psychological abnormality, and this facet of their personal characters is not without importance in grasping the significance of their political activities. It was notorious that most of the storm troop leaders round Roehm were homosexuals, and that a number of them, notably Karl Ernst, the former Berlin hotel bellhop, were promoted because they were

the ones whom, as Roehm so flagrantly put it in speaking to Sefton Delmer of the *Daily Express*, "I love the best."

On his second visit to Germany, later in 1931, van der Lubbe was introduced by Bell into the most exclusive circles of Roehm's harem. At that time Bell was very intimate with Roehm, advising him on all foreign matters; and of course Roehm was then, as always, nursing his own ambitions of ruling Germany through control of its youth. In his fantastic aim, the shackles of homosexual practices were apparently quite seriously regarded as a political asset; and, without necessarily subscribing to everything Walther Bartz says in his essay on the necessary place of homosexuality in Fascism, we must admit that Roehm's hold over his two million followers was the stronger through his advocacy of sexual ties between them.

Bell's job at that time was to act as a link between the Brownshirts and the rival semi-militarist body, the Reichsbanner of Major Mayr. But Bell also had the job of finding boys for Roehm's harem; it is thus a fact that he had immense knowledge of the scandalous side of life in the Brown Houses whose inmates were to purify Germany and establish the Teutonic "Deutschtum" over half Europe. Bell kept a list of names of Roehm's boys, and on this list the name Marinus van der Lubbe figured. After returning to Holland, the Dutchman received many letters from Germany. Early in 1933 he went back to Germany and, reaching Berlin, contacted some of the leading Brownshirts whom he had met at Munich.

On February 27th van der Lubbe was arrested in the burning Reichstag. It was Heines, one of the most brutal and repulsive degenerates in Roehm's circle, who had been entrusted by Goering with the actual carrying out of the fire, and he had chosen Marinus for many reasons, not least of them the young Dutchman's fear of getting into trouble for his morals, and his consequent pliability.

The evidence to prove that the Reichstag fire was a clumsy and hasty frame-up is overwhelming. Two men knew too much about it, knew exactly how, why, when, where and in whose interests the thing had been done, and could prove their charges.

One of them was Georg Bell. The other was the Nationalist (Conservative) Deputy in the Reichstag, Dr. Oberfohren.

Immediately after the Reichstag fire, a significant thing happened. The employees all over Germany of the Russian oil-selling organization, the Derop, were arrested; raids took place simultaneously on the thriving depots the company was running in various German centers. In Hamburg the head of the Derop was driven by the Nazi Secret Police to commit suicide. The Moscow *Pravda* accused Deterding of being responsible for this; his reply, needles to say, was ". . . Greatest nonsense —showing how much the Soviet fears me!" (quoted in the *Daily Telegraph* on April 3rd). The net result of this particular campaign was, however, to benefit Deterding, for the Derop found its business practically impossible to conduct under the new conditions, and finally sold its interests in Germany to a native retailing concern, the Benzologband.

Georg Bell was now on the run, and he got very little encouragement from Deterding. The suggestion, however, that Deterding had cooled off towards the Nazis, either because their failure to vamp England had made them keep up their relations with the Soviets or because he had been told off in London, is hard to substantiate; and Deterding's subsequent and recent activities in Germany point in quite the other direction.

But Bell's day was over, and men like Bell mustn't expect to find friends when they have ceased to be useful. After the hasty trip to the Hague, he got back to Germany, heard that the Brownshirts were after his blood, and dashed across the Austrian frontier.

What happened to him at the Plattl Inn has already been described. The news of his death and its manner was left unreported in the newspapers of the country over whose affairs he had exercised so marked an influence for ten years; meager reports leaving the chain of happenings unexplained appeared in French and British papers, and it was not until months later that it became possible to build up some sort of organic and coherent account of the forces which had controlled Bell's fan-

tastic life and had led to his wretched death. Gradually it became possible to extract the essential facts from the gossip and irrelevance and find out what in this man's life had had significance for his fellow Europeans.

The Nazis disliked him, it seemed, because he knew too much; because he used to sell valuable information to the Reichsbanner; because he had worked with the Communists until they had discovered that some of his "information" was worthless; because he had written articles in Gerlich's Munich magazine, the anti-Nazi *Straight Way*. It transpired that Bell had "known" of the Reichstag Fire at least fifteen minutes before it began to burn; and the *Manchester Guardian* in August said that he had actually helped to carry the inflammable material which set it ablaze.

When it was over and the public of every country in the world was laughing at the official Hitlerite accounts of its origins and its perpetrators' motives, a Nazi leader, hearing that Bell had got into Austria, is reported to have said to his men: "Bring him to me alive or dead. Hit him over the head, fling him into the car, and rush across the frontier."

But Bell resisted; so they did not bring him across the frontier.

Some of the most interesting accounts of Bell and his activities were published, as is often the case, in the newspapers whose correspondents were most likely to be his friends. The Fascist *Daily Mail's* Berlin correspondent, Rothay Reynolds, on April 5th said that Bell was "one of the most mysterious persons I have ever met," and "one of the most fantastic figures of post-war times."

"Some years ago," Reynolds goes on, "he came to see me for the first time, and brought a Georgian professor and another Georgian who were to be tried for forging chervontsi to fight Bolshevism by ruining the Russian currency. He evidently desired to excite my interest in the scheme.

"The second time he came he brought two National Socialists well known in the Party, and apparently desired to interest me in the movement, which was beginning to gain ground. . . .

"What he really stood for or for whom he was working remained a mystery. I was not surprised to hear of his fate."

Other papers referred to his jovial laugh, his tartan ties and pride in his Scots ancestry and his bulging hip pockets. ("In my game you never know when you will need it.")

The *Daily Telegraph* quoted the Vienna *Arbeiter Zeitung* which said that Bell was liaison officer between the Hitlerites and a big international magnate who had contributed much money to the Nazi cause. "Last year Dr. Bell with the Hitlerite leader Rosenberg met the magnate in London, and big credits for the Nazis followed."

It was not until several months later that an impressively constituted Legal Commission of Inquiry into the Reichstag Fire was organized in London. Some of the world's greatest lawyers supported it, including Moro-Giafferi of France, Arthur Garfield Hays of New York and the English Socialist, D. N. Pritt. The German writer Johannes Steel, who had had unique opportunities of studying from the inside the growth of the Nazi movement, its true aims and the sources of its financial and diplomatic backing, gave evidence, though his name was not used. Steel had worked as director of Germany's Economic Intelligence Service, and knew all about the Nazis and their friends. He offered to explain to this body exactly where the Fascists who controlled Germany were getting money from in England; the man whose part he wished to reveal was Sir Henri Deterding.

But the Commission had got onto the subject of Marinus van der Lubbe's homosexuality, a topic it appeared to find engrossing. Steel, desperately in earnest and infuriated at the solemn pronouncements being made all over Europe by the émigré Social Democratic leaders who had handed Germany over without a fight, begged to be given a hearing. The editor Georg Bernhard, pompous in tails and white waistcoat, suggested that, since they were guests in England, it would be impolite to reveal facts which might embarrass its Government. Meanwhile, Europe spun on to disaster.

A vote was taken, and only the Frenchmen, Moro-Giafferi

and Gaston Bergery voted in favor of letting Steel say his piece. So he was not given a hearing.

That was the end of Bell. There was still Oberfohren. He was the leader of the Nationalist Party (Hugenberg's groups, with which the Nazis made some pretense of being allied at first) in the Reichstag. Bell had spoken to him in alarm after the Reichstag affair, admitting that it was he who had arranged it and adding that he was worried and frightened about some of its consequences—i.e., the Derop business. Oberfohren repeated what he had heard from Bell in a letter, and this letter was intercepted and handed to Dalueges, head of the Secret Police. Oberfohren was a dangerous man; a Conservative with scruples, i.e., an honest believer in Conservatism by constitutional methods. He was horrified and had already begun to organize opposition to the Nazis in his own party, in the hope of ousting the Hitlerites altogether from the Government. An account written by him is one of the most convincing descriptions extant of what happened on February 27th, 1933. Early in May Dr. Oberfohren's flat in Kiel was raided, and on the following day he was murdered.

In May, 1933, Alfred Rosenberg made his last and most famous visit to London. He hoped to see as many influential Cabinet Ministers, officials and financiers as he could. But his visit was a glorious fiasco from start to finish. Even the politically illiterate British middle-classes, puzzled but disgusted by the horrors of anti-Semitic and anti-radical "discipline" which had marked the glorious German revolution, had no sympathy for him. The visit was clumsily managed and furiously attacked by every self-respecting newspaperman who could find a medium for his views.

The treatment given to Rosenberg by British journalists whom he invited to meet him is one of the gayest feathers in Fleet Street's somewhat shabby and threadbare cap.

But just what besides make a fool of himself had Rosenberg done? Quite a lot. The Prime Minister, Ramsay Macdonald, had not seen him, but it is established that, in spite of the uncertainty which still existed to Dr. Rosenberg's precise stand-

ing in the German Government, he contrived to get long conversations with a number of very important Englishmen. (Dr. Hoesch, the German Ambassador, was naturally placed in a humiliating position by the visit, but Baron Hoesch had not long to live; like Herr von Koerster, his counterpart in Paris, he died suddenly soon after.) Among them were the Foreign Secretary, Sir John Simon; the permanent head of the Foreign Office, the powerful official Sir Robert Vansittart; and the Minister for War, Lord Hailsham. No account was given to the press or to the public as to what was said in these talks. Norman Davis, Roosevelt's "traveling ambassador," a great "fixer" whose years as a banker in Cuba had taught him the dynamics of government, also had about two hours with Rosenberg.

But that was not all. Rosenberg's stay covered a week-end. During that week-end the impressionable and spiritually minded regenerator of Europe showed a desire to acquaint himself with the incomparable loveliness of the English countryside; he was, said an announcement made on his behalf, engaged in seeing "rural beauty spots." Two newspapers as distant from one another politically as *Reynold's Illustrated News* and the *Evening Standard* reported that they had excellent authority for believing that Rosenberg had visited Sir Henri Deterding at Buckhurst Park, Ascot, his lavish country home within a mile or two of Windsor Castle. The former paper, the organ of the British Cooperative movement, commented: "In the light of the present European situation, this private talk between Hitler's foreign adviser and the dominant figure in European 'oil politics' is of profound interest. It supports the suggestion current in well informed political circles that the big oil interests have kept closely in touch with the Nazi Party in Germany."

The suggestion that Rosenberg had made this call, as he would be perfectly entitled to if he wished, appeared to excite some of his friends, and Dr. Thost, London correspondent of the *Völkischer Beobachter*—who later on was asked to leave the country, or rather, told to leave—offered to give a minute-

by-minute account of the party's movements during the week-end, to prove that Buckhurst Park was not included.

Back in Germany, Rosenberg at once resumed his balloon-like propensities, swelling to colossal proportions to erupt into books, articles, speeches and campaigns on the same hysterically calculated lines. When it suited the Nazis, he attacked Britain; when it suited them, he attacked Italy with equal fury, on racial grounds, of course (*Times*, August 18, 1934). Later in that year he met a soulmate from decadent, democratic America, William Randolph Hearst, at Bad Nauheim. To fifty thousand workers, dragooned into listening to their new prophets, assembled at Dortmund, he yelled early in 1936: "Nowhere have political movements been more bloodily suppressed than the liberty risings in the Caucasus or Turkestan." To another gathering, not of workers this time, in Bremen, he confided this self-evident snippet, "The German revolution was in its original character and still is today a Conservative Revolution." In October, 1936, the sympathetic *Observer* reported his constant reiteration: "Today the Soviet is a menace to civilization."

Why should Sir Henri Deterding dissociate himself from a movement which professed such "sound" views as this? Just because a few unruly party members were put up against the wall in June, 1934? Because Bell had been frightened?

Not at all. Those things were negligible. They were the necessary by-product of firm political action by a virile body of men actuated by patriotic motives and determined to ensure the proper fabric of society.

Sir Henri Deterding did *not* lay off the Nazis; he did *not* cease to praise their aims and achievements in public and in private, and he did *not* cease to assist them financially.

Towards the middle of 1936 events in his private life crowded fast on Sir Henri. Arriving at the date (in April) of his 70th birthday and of his 40th year with the Royal Dutch, he was feted and honored by colleagues and employees, but almost at once became involved in divorce proceedings.

By the middle of the year, Sir Henri had a new wife, his third; she was a German. She was his secretary and an adviser

on various matters. The first thing they did was to go into Germany, and it was settled that Sir Henri would buy a new home there—he already had one—and in due course live in the Nazi commonwealth.

The first visit was described as being of a purely private character. It soon transpired that Sir Henri's actions were no more completely private than they ever had been in the past. His commercial and political ambitions are fused with his general personality, permeating it and dominating its responses and reactions to a degree which has made real relaxation and genuine leisure activities an impossibility. Within two months of this visit an interesting and suggestive announcement was made by the official Hungarian newspaper, the *Esti Uisag;* it said that the oil magnate, Sir Henri Deterding, had made a big loan in pounds sterling to the Hapsburg family through the intermediary of a group of Austrian monarchists. A financial consortium would be set up by the widow of Prince Sixtus of Parma, and the loan would be used to persuade various Austrian papers to give favorable treatment to the notion of a Hapsburg restoration, and a proportion of it would be set aside to campaign for the same thing in the French press. Deterding's consuming interest in reaction generally was not satisfied with assisting the Nazis alone, or even with intrigues with half the Fascist and reactionary governments in the world. He was now actively assisting in the attempts at a restoration of a monarchy swept away as out of date and anti-social nearly twenty years ago; and the re-creation of a political unit blocking Nazi expansion was evidently not barred. Possibly Sir Henri had some idea of canalizing Nazi expansion, so that it should explode in an easterly direction, by building up British military and aerial power and then corking the path into the Balkans by bringing back the Austro-Hungarian Empire on a scale as large as possible. If so, he was playing a dangerous, uncertain and unwise game. But we are dealing with fanatics.

Following the announcement that he was to retire at the end of the year, Sir Henri made another visit to Berlin. The *Deutsche Allgemeine Zeitung* carried the interesting news that

the oil magnate would make his future home outside the German capital. Even more interesting was the news, carried by the London *Financial Times,* that Sir Henri had had a number of consultations with von Stauss, President of the recently merged Deutsche Bank and Disconto Gesellschaft. Exactly what had passed at these conversations it is not possible to tell, but it was merely the latest incident in a prolonged relationship between Deterding and German finance. For many years rumors had been bandied around Europe of large-scale financial loans to Germany to prop up her top-heavy and crazy financial fabric. The maintenance, at all costs, of the capitalist system in Germany has been for a decade one of the major objectives of the big financiers and industrialists of Europe and America. The Nazi "bulwark against Bolshevism" had to be kept up; in 1931 reports were denied of a Deterding loan of £30,000,000 to be made in exchange for a petroleum monopoly. In the Presidential election of 1932, in which the two leading candidates were Adolf Hitler and Paul von Hindenburg, Deterding was accused, as Edgar Ansell Mowrer testifies in his *Germany Puts the Clock Back,* of putting up a large sum of money for the Nazis on the understanding that success would give him a more favored postion in the German oil market. On other occasions, figures as high as £55,000,000 were mentioned.

But after his retirement Deterding's instincts and political prejudices were able to take possession of his whole life, his whole energy and personality. Married to a German, he felt and "thought" like a true Nazi. He behaved as one who saw in the strengthening of the destructive and aggressive forces in Hitler's Third Reich the salvation of the world.

Busily hurrying back and forth from the Dutch centers to Berlin, Sir Henri, with the efficient aid of his politically sophisticated wife, began to develop a scheme which he hoped would play a big part in making Europe safe for reaction.

Sir Henri knew that Germany was on the brink of starvation, that wages were low and nutrition lower; he knew that unless every good friend of the Nazi regime was prepared to help to prop it up, it would very soon collapse in the face of

the wrath of the working people of Germany and the administrative incompetence of its heads. Food was the crux of the problem. Germany had little, and much of what she had was of poor quality and frequently made of chemicals or substitutes.

Holland, on the other hand, had a large surplus. The flat acres of grazing land and the thousands of compact and efficient Dutch barnyards turned out too much bacon, eggs and butter for the burly Hollanders themselves. Sir Henri had a grand idea. All Holland's agricultural surplus, itself at times an economic problem, should go to Germany, into the hands of the German Government, which would be that much further away from bankruptcy and the sack. Who would pay for it? Why, *he* would. It was worth it. Sir Henri had always been prepared to pay out real money to prevent Bolshevism from making another conquest in Europe. His initial contribution to this scheme was quoted as being $5,500,000. But it was not to be a one-man campaign, not by any means. The Dutch, like the Germans, love organizing, love running campaigns, love systems. And the bogey of Bolshevism will usually make even the cautious Dutch middle-class merchant and official and professional man pay out something of his substance. The restiveness of the millions of Javanese and Sumatra natives on whom the Netherlands' wealth depended was quite alarming enough; even more serious were the pronounced Marxist leanings of huge masses of the stevedores, railwaymen, bargees and factory hands of Amsterdam and Rotterdam. And the way to fight Bolshevism, the big shots were always saying, was to make Germany strong. The bourgeoisie of Holland were to hand over a little to save a lot. That was the idea.

Thus was launched the rather complex "Western Cooperation" scheme. Its organizer was Sir Henri Deterding's estate manager in Germany, Dr. D. M. van Dijk, who looked after the land in Mecklenburg which Sir Henri had recently acquired. All the surplus agricultural produce of Holland was to go to Germany, and the Dutch themselves were to pay for it. Appeals were made to the middle classes and the rich mag-

nates of the cities to contribute generously. Offices were opened to facilitate progress in several centers.

The Nazis were doubtless delighted to receive an initial delivery of the bacon of thirty thousand pigs; and soon much more followed. One report spoke of "millions of tons" of bacon. Seven thousand railway wagons were used in the first immense delivery. The deliveries were exempted from all quota and clearing restrictions.

Dr. van Dijk went on to found an institute at Haarlem and a magazine to deal with Western Cooperation. Sir Henri Deterding and others associated with the scheme were at first a little reticent about its scope, purpose and cost. The *Daily Telegraph* reported on December 29th, 1936, that "It has been made clear that his action has nothing to do with politics." The next day the same paper announced that the scheme had been launched with the object of fighting Bolshevism. Deterding's favorite *Daily Mail* quoted from a statement he had made:

"Like many other citizens of the world, I have come to the firm conviction that Bolshevism, or whatever other name one may give to these chiefly underground destructive forces, can and must have but one result—constantly growing unemployment and misery."

In the same letter he went on to instruct all who cared to pay attention in the elements of the political situation: "The main object of the Communists is to permit as little cooperation between the nations as possible, because only then will their destructive principles succeed. They therefore started to create trouble in Spain six years ago, and the result is now daily visible. Great Britain deserves to be thanked for her policy of non-intervention, which has prevented greater trouble among the other powers in Europe. The further cooperation of these Powers will be the quickest remedy against infectious Communism."

Sir Henri then went on to analyze the world situation in relation to gold, agricultural policy, trade between Holland and Germany, and then returned once more to Bolshevism.

The demagogic touch is visible once more; it is the hyper-ignorant, panicky middle classes who are to be fooled. Deterding proclaims that capitalism and the trusts which finance chauvinistic Fascists are the purveyors of true international co-operation, while the Marxian Communists, who for seventy years have never once deviated from their basic slogan, "Workers of the World, Unite!" who have a scientific and concrete method for taking the power to wage war out of the hands of those who have a vested interest in war—it is they whose "main object is to permit as little cooperation between the nations as possible."

What Sir Henri was doing was attempting to lead the governments of Western Europe to the creation of a solid bloc of the bourgeoisie, militantly organized against the Soviet Government of Russia.

XIX

SIR HENRI had bombed the Russian bear from many angles, and the bear merely grunted and grew.

He had hurled rocks at it, shelled it, potted at it with pea-shooters, flung darts, shot arrows, tried starving it, surrounding it, gassing it and crushing it. But bears are not crushed by men; bears crush men who try to attack them. Especially men who hunt bears at the same time that they shout to the world that they never go big game shooting.

Sir Henri, however, had problems other than the Russian bear. Before pursuing him on his bear-hunting holiday, we saw him enthroned in England as the head of an oil combine which cheerfully planned to crush competition and opposition all over the world. We saw that the principal objectives of his policy, in the post-war period, were the increase of his power in British and imperial affairs, the stealthy reduction of the threat of the United States to Britain's privileged position in the world of commerce, and the maintenance of a condition by which France had no considerable oil sources of her own, and consequently bought only from Sir Henri or his allies.

Briefly, let us examine Sir Henri's efforts to achieve these ends, and estimate the degree of success he attained. The key-stone was his influence over British affairs at the end of the war.

He had a great deal of power, but still far less than the power of a dictator. He had been carefully kept away from the actual center of oil control in Great Britain, the Anglo-Persian Oil Company, in which the Government itself had the final say. The Admiralty had made excellent use of Sir Henri's carefully acquired resources, as well as of his ripe experience. And in return the Royal Dutch had not absorbed the Anglo-Persian;

it had not even obtained a minority voice in its affairs; indeed, there actually had been rumors that its own control had passed into the hands of the concern which owned the Anglo-Persian —the British Government, which many cynical commentators have never hesitated to call the world's greatest trading corporation. We know that Sir Marcus Samuel, soon after the Armistice, began to grumble publicly at the failure of the British Government to give his enterprises the same degree of support and perhaps investment of its official funds that it had the Anglo-Persian. But it is a fact that the cooperation of the Burmah Oil Company, the Anglo-Persian Oil Company and the Royal Dutch-Shell became closer and closer in the years following the war. Understandings between the governments of two great imperialist nations, the Dutch and the British, and agreements relating to the defense of their interests, both commercial and military, were believed to exist. It became more and more apparent that to all intents and purposes the two made one great Empire. The threat of a revolution, either at home or in the dependencies, existed for both. There were three principal dangers to the continued supremacy of the British ruling class: a revolution at home, a class revolution brought about by the dispossessed and exploited workers of their own race; a revolution in the Empire, particularly in India, the physical expression of the rising spirit of national independence; and conquest, conquest by an imperialist power fresher and more desperately aggressive than itself, such as Japan or Germany. The three principal threats to the continued supremacy of the Dutch ruling class were precisely similar. In the Dutch scheme of things, the island of Java corresponded to India in the British Empire. Otherwise the set-up was amazingly similar. Both home countries were separated by thousands of miles of sea lines of communication from the sweating and sweated centers upon which largely they lived; both had long experience in governing Asiatics and in keeping alive a sea-going tradition; both supported huge armies of officials; both relied, for the prevention of revolutionary movements at home, on bribing their own working classes by giving

them an unpleasant and largely unconscious vested interest in the relatively lower standards of the subject races.

It was inevitable that Britain and Holland should cooperate. It was sheer common sense that the two governments should, in effect, pool their resources in naval forces, in commercial and political intelligence, in raw materials. Between them the nationals of Britain and Holland all but monopolized vital raw materials—rubber, tin, tea and some lesser commodities. Oil had not quite come to that; and to bring it in was Sir Henri Deterding's particular function.

The pull of the Netherlands and the British towards each other is not a new thing, but it has shown itself very much alive in the post-war epoch and even in the most recent years of that epoch. The consolidating of Anglo-Dutch commercial and hence political ties proceeds steadily, and each month adds some quietly dramatic feature to the formidable fusion of sterling with guilder, to the linking of arms between Jonkheer and Lord of the Realm.

Notoriously the sphere of the power of the City of London and of Whitehall extends considerably beyond the limits of those parts of the Empire blatantly painted red on the map. And the might of the pound sterling, of the sixteen-inch guns of Portsmouth's battleships, of the polite recommendations of a well-bred British consul or minister, extends even further. It is true that rival imperialisms have made obstinate and even insolent encroachments on the British domination of Norway and more particularly Portugal and Greece during the last five years; if some ignorant and loutish Conservative members of the Mother of Parliaments pretend not to know what such significant piracies portend, Whitehall emphatically does.

But Holland moves in the other direction. In the case of Portugal and her uniquely odious ruler, the acid, Jesuitical bigot Salazar, you have a tight little country run for the benefit of its richer elements which is now toying with the idea of moving over to whichever of the newly aggressive states may seem most likely to emerge victorious from a struggle with Britain. In the case of Holland, you have another small country

hanging on with stolid and determined efficiency to a glutton's share of the world's goods, a country once closely associated with Germany but now steadily moving to a position of complete dependence on and interdependence with the British Empire. The sheer pressure of community of interests and the increasing bonds of newer and stronger commercial tie-ups have forced this policy on Holland. Individual Dutchmen may gain from this; it is the British Empire which, as a unit, gains more.

In the fusing of the interests and the destinies of the upper classes of Holland and Great Britain, no man has played a more prominent part than Sir Henri Deterding. So far as the outside world is concerned, the question of whether or not he is a British or a Dutch subject is purely academic, since in the case of a man of such exceptional power and importance legal niceties would very quickly be brushed aside, ignored or adapted to give Sir Henri the status he and his associates require at any particular moment. So far as the political situation in the world is concerned, all that matters is that Sir Henri should not step outside the Anglo-cum-Dutch sphere. That *would* mean something. The question of whether he is Dutch or British (in fact, he has always been and still remains a Dutchman, as I have said) would affect only certain specific matters, such as the payment of income tax and the ownership of certain controlling shares in the Royal Dutch. The fact that Holland can not run away from Britain makes it doubly certain that Sir Henri will not.

The British Navy fully expects to have to defend the Dutch East Indies one of these days. It will do so in no spirit of chivalrous generosity. It will do it as if it were defending its own, because that is exactly what will be happening. If the Japanese can maintain the fabric of their own capitalist organization long enough and securely enough to undertake a successful onslaught on the immensely rich islands of Borneo, Sumatra and Java—although it is highly improbable that the Japanese will get so far—then indeed the subjects of the Son of Heaven will have a chance of dominating the world of the future. Once the immense resources of those islands have passed

from the hands of the British and the Dutch into those of the Japs, a stupendous and fatal contraction in Britain's relative position in the world will have taken place. The Empire will be finished.

Britain realized this many years ago. Very soon after the Armistice the drawing together of Britain and Holland in preparation for the next big and bloody challenge to their privileged position began to make itself noticed. And in this the political position of the Royal Dutch-Shell stood clearly revealed. It was the commercial unit representing the pooled petroleum resources of two great Empires, the one the greatest in the world, the other the quietest, most lucrative and most efficient pocket empire in history, and both of them on the offensive in a skilfully unobtrusive way. To estimate the total capital and resources of the group is difficult and academic. The stock and share valuations of the units of the various companies constituting the trust fluctuated daily, and varied a good deal from month to month. But very soon after the Great War ended the combine had assumed in all essentials the shape and content it reveals today, nearly two decades later. There has been growth since, new oilfields discovered and operated, new blocks of shares issued and bought up, new subsidiaries created, former competitors absorbed. But the essential shape, direction, resources and organization of the immense cosmopolitan business unit has remained the same. A huge tanker fleet, depots covering hundreds of acres in scores of ports, tanks, laboratories, offices, refineries, quays, factories to make pipes and other equipment are the bone and sinews of the trust. The capital value of the whole round about the end of the war was put at £250,000,000; since then it has increased very considerably. The Royal Dutch and the Shell had grown at a startling tempo during the war years; the capital of the latter was very much more than double in 1919 what it had been in 1914.

To all intents and purposes, shortly after the war all the oil resources of Britain and Holland came under joint management. The Admiralty intended to hang on to its holding in the Anglo-Persian Oil Company, but this enterprise, which

was efficiently managed and had big ideas of its own, began to grow into something of a trust itself and soon had well over a dozen subsidiaries, some for production, others for marketing. The British Navy, in time of peace, did not use all the oil produced by the A. P. O. C. As a result, the A. P. O. C. agreed to a cooperative sales policy with the Royal Dutch-Shell. Out of this grew a semblance of joint management. But this did not satisfy Deterding. He wanted to get the whole of the British oil-producing and retailing business into his own hands.

Rightly or wrongly, there was opposition to his idea in Great Britain. The sale of control of the A. P. O. C. would have been in no real sense a sale to a "foreigner," because the purchaser was a man who knew that his country was completely dominated by Great Britain. The opposition sprang from a reluctance to allow control to pass into private hands at all, whether foreign or British. Only this prevented the sale of the Government's shares in the A. P. O. C. to the Royal Dutch and its omnivorous director. But Sir Henri was a determined man, and rumors of his proposals were very strong late in 1923. It was in that year that a campaign had been launched in the circles most likely to wield any influence, a campaign disparaging the participation of governments in the oil or any other trade. An important link in the campaign was the inspired book of which I have already spoken, *The Oil Trusts and Anglo-American Relations*, by E. H. Davenport and the late Sidney Russell Cooke, which, with ingenuity and informed detail, went into the petroleum history of the last twenty years only to prove that the trouble with the situation as it stood was that the British Government was making a disastrous blunder in actively participating in the oil trade. What the Government should do, said Messrs. Cooke and Davenport, was to keep a very strong navy which could just *seize* what it wanted in wartime, and in the meantime rely on the bids of the operators in the open market for its supplies of oil. And then, in an offhand way, as if it was not the really important matter at all, the authors suggested that the British Government should throw its shares in the Anglo-Persian into the open market. It

was all said and done solely in the interests of international comity and the improvement of the relations of the two great English-speaking democracies, but it got down to brass tacks in its concluding sentence: "Let America and Britain come together on this basis, let them agree that it is unwise the one to hold Standard Oil views and the other to hold Anglo-Persian shares, and they will do much to eliminate for all time this element of disturbance to the world's peace."

It is not to be supposed that Messrs. Cooke and Davenport were so innocent that they did not know what would happen to plump, naked little shares in so juicy a concern as Anglo-Persian should they be thrown into the icy open market. There might be many beady eyes opened and many frenzied and grasping fangs outstretched, but the wolf that would snap up those little shares would wear Dutch trousers, and be devilishly agile withal.

Sir Henri Deterding was extremely annoyed at being reminded of the rumors which circulated in London, New York and Amsterdam of his offer to purchase the Government's £5,100,000 holding in the A. P. O. C. for £12,000,000. The *Financial Times* of London ran the story on the authority of its New York man, who sent over an interview in which Sir Henri was reported to have "admitted that before leaving your side he had been in negotiation with the British Government regarding the purchase of its holding in the Anglo-Persian Company, but he was not in a position to say what the final outcome would be. If the proposed deal is concluded, it will involve a direct cash payment of £12,000,000."

As soon as this scheme became a common rumor, the British Labour Party, for what motives no one quite knows—but no one quite knows what motives ever animate the British Labour Party—got together and with utterly unwonted speed instructed its leader, Mr. Ramsay Macdonald, shortly to be embarrassed by the Premiership, to inform the Prime Minister that the sale would be "against public policy." This he did. Sir Henri Deterding, annoyed, made a statement to the French Agence Économique et Financière, with which he is often

reputed to be financially associated, to this effect: "In New York information has been published which is false. I have never stated to any American press man that there had been negotiations between the Royal Dutch and the Anglo-Persian with a view to a deal in Anglo-Persian shares. Up till my departure from London there had been no negotiations between the Royal Dutch and the Anglo-Persian. This rumor is absolutely false. I learn about it through English papers sent to America, but my company has never sent me confirmation of it."

A number of points in Sir Henri's carefully worded statement deserve notice; the chief of them is his reference to "negotiation between the Royal Dutch and the Anglo-Persian." An intending purchaser of shares belonging to the British Government in a company would negotiate not with the company but with the Government.

Commenting on the whole affair, the *Daily Herald* agreed that enough support to the rumor had come to hand to justify the belief that it had a basis in fact. Meanwhile the *Handelsblad* of Amsterdam said that it now looked as though the proposed sale would be impossible, owing to the "reinforced influence" of the Labour Party, and added that the price of Royal Dutch shares had fallen heavily.

So much for that maneuver. Many months later rumors of a different kind began to circulate in Holland, and patriotic Dutchmen who perhaps had an inadequate grasp of political realities were heard to complain that their precious Royal Dutch was becoming far too British, and to repeat rumors that the actual holdings of British subjects had increased. Sir Henri denied this in an address to the members of the Industrieele Club at Amsterdam; British influence in the Royal Dutch, he assured them, had not increased, and the company was accepting engineering and other tenders on a large scale from Dutch contractors.

The truth about the actual control and composition of the different companies in the trust was known to very few men, and the complexity and confusion were widely regarded as

being intentional. It was in 1921 that the United States Secretary of the Interior, in an official memorandum, said: "It will readily be seen that, intentionally or otherwise, the controlling interest in the Royal Dutch-Shell combine, and its constituent or subsidiary corporations, is so inextricably confused that it would require weeks or more, and access to the minute books, as well as the Articles of Incorporation of the original, constituent and subsidiary companies to ascertain exactly the controlling financial interest and controlling direction in any given instance."

This gorgeous tangle was not made any simpler by an important piece of news published in London late in 1928; but what was happening, in its bare essentials, was simple enough. The news was that the Burmah Oil Company, that obstinately important concern which was described even in 1928 as "dominating" the Anglo-Persian, had transferred a large block of its Anglo-Persian Oil shares to a new trust company and was buying an equally big block of Shell Transport and Trading Company shares. This was officially described as "a spreading of risks" by the Burmah people, but the *Daily Mail*, reporting the "sensation," said that "the City regards the deal as increasing and cementing the community of interests that still exists between four great oil groups whose capital aggregates nearly £100,000,000." After outlining the history, construction and personal leadership of these four trusts, the *Mail* reminded its stupefied readers that the aggregate market value of the four companies quoted on the Stock Exchange was nearly £409,000,000.

By this move, the four great concerns dealing in oil in Great Britain and Holland were fused to a degree even more complex than before, and became, so far as the world was concerned, one great coordinated unit. Whether Sir Henri was entirely satisfied with what had happened may be doubted; the thing was not by any means under his own dictatorial control, and we know, from a study of his actions and from the repeated testimony of himself and others, that what Sir Henri Deterding likes is to have things, lots of things, under his own dictatorial

control. A great number of subsidiary companies were controlled by this vast new group; its financial resources, quite apart from the fact that, in the ultimate resort, they involved the Dutch and British governments and the whole national revenue of the two Empires, ran into hundreds of millions of pounds. Despite the complexity of its constitution, it worked smoothly and with an unexpected simplicity and directness. More and more its activities were coordinated, rationalized and planned. More and more its lines were rounded out to enable it to eliminate undesirable competitors and to absorb those who preferred it. It met with ludicrously little opposition from public opinion in Great Britain. With a subservient and fawning press, an uncritical and abysmally ignorant public, a judicial machine which functioned, in effect, in the interests of property rather than justice, and a considerable army of grateful if insignificant shareholders, its architects could afford to ignore the tiny, almost inaudible squeaks of warning and criticism uttered by responsible officials or left-wing magazines. With a reading public which is not equipped to accumulate important or significant facts relating to vital questions, or to make the correct deductions from such facts as it does manage to acquire, Big Business can afford a certain measure of "free speech."

Visitors from the supposed Utopia of Biggest Business, the United States, saw what was going on in England and reported in amazement that even in their easy-going country there were some things financiers could not get away with; in England, apparently, there were none. In 1920, a Liberal politician, Mr. G. A. McMurdy, whose position as chairman of the Profiteering Acts Central Committee should have given weight to what he said, wrote: "Motor fuel is rapidly becoming of vital importance to practically every industry, not excluding agriculture, in civilized countries.

"The concentration of control over the price and distribution of fuel in the hands of two enormously powerful capitalistic combines, practically world-wide in their scope, constitutes so dangerously powerful a force if it is improperly used that it is imperative that the governments of the world should give

some attention to it." For a politician who had studied the subject, Mr. McMurdy was astonishingly naive. The radical scientific writer, R. Page Arnot, wrote a sober and accurate account of the oil industry which drew such correct conclusions from the facts presented that, on being read today, it seems far more up to date than less intelligent books written ten years later. Intended for the British workman, and published in 1924, Mr. Arnot's book caused scarcely a ripple on the stagnant surface of the public opinion of Great Britain.

The second of the three objectives of Sir Henri that we are examining in this chapter was his determination to fend off the threat of the United States. It is hard to say just when the oil men of the United States first decided that it was time for them to start looking round for sources of oil outside the United States and Mexico. Probably it was the Great War itself which drove the lesson home. At any rate, from 1919 onward American oil magnates fought vigorously for a share in every new oilfield discovered, no matter how far from the coasts of the United States. Agents of Standard, as well as enterprising and wealthy freelances, of whom Harry Sinclair is the classic example, scoured the world in an attempt to smell out sources of future petroleum which would enable their country to frustrate the Deterding Plan. Walter Teagle was one of the first to realize the need for this; and Teagle speaks with knowledge and authority when he warns his countrymen (as he did, for example, in April, 1936, when he said: "Some day the U. S. is going to run out of oil. There are no two ways about it.") of the likelihood of a famine.

A significant fact in the years immediately following the Armistice was the recognition by oil men and journalists in America that the initiative in the struggle for oil had been snatched from their country. Fairly frequent references appeared in newspapers and magazines stating bluntly that the biggest force in oil politics was now no longer Rockefeller but Deterding. Several well informed writers attempted to explain to interested readers the set-up. The *Wall Street Journal* pub-

lished fulsome references to Sir Henri's genius and thoroughness.

When, at the fiftieth anniversary meeting of the Standard Oil Company of New Jersey, Teagle said that the company's new policy was that of being "interested in every producing area, no matter in what country it is situated, provided interests can be secured on a basis that would seem to hold out the possibilities of success," he was declaring war. But he was declaring war on an opponent whose declaration had been made nearly twenty years earlier.

Americans knew that Deterding personally was on excellent terms with Teagle, but that, in the words of John K. Barnes, "Aside from Mr. Teagle, whom he likes, he has no use for the Standard Oil people. In this respect the regard is mutual. Deterding knows what it is to fight the Standard, for he has fought it in the past."

An American who had worked in keen competition with Deterding in various parts of the world and knew his methods and temperament well, said at this time: "Deterding is a plunger. His success is due to the fact that he has been plunging in something that has steadily grown in value. Furthermore, he is plunging with other people's money and not his own. That probably accounts for the fact that he is such a plunger. For example, he paid five times what other people would have paid to get into Egypt and has lost heavily there. He pays in stock for the properties he acquires, however, which gives him an advantage over the Standard, which has always followed the policy of paying in cash. Credit is due him, nevertheless, for starting on a shoestring and building up the great organization he has."

The Americans believed that Britain, and with Britain the Deterding interests, steadily increasing their scope and resources, sought the paralysis of the United States. The Monroe Doctrine which proclaimed Yankee tutelage over the whole of the American continent was, so Britain appeared to believe, a handicap in British attempts to control the huge business possibilities of Argentina, Brazil, Venezuela and the other South

American republics. Hence the destruction of the Monroe Doctrine as an operative conception became one of the Admiralty's principal aims. In his annual report in 1920, Deterding said: "It need hardly be mentioned that the American petroleum companies also realized, although too late, that it was not sufficient to have a large production in their own country. . . . We must not be outstripped in this struggle to obtain new territory."

Senators, congressmen, officials and oil men in America were now loud in their cries that British aims included the bleeding of American oil lands, the staking of claims in every new oilfield in the world, and the securing of strategic bases around the Panama Canal. As companies allied or in some way associated with Deterding took up concessions in Venezuela, Mexico, Costa Rica and Colombia, these charges became more and more confident. Indiscreet or over-confident Britishers wrote articles or made speeches which seemed to confirm suspicions that a conscious and coordinated policy had been worked out. The famous boast of Mr. Pretyman of the Admiralty has been quoted; another much commented-on outburst was the article published in *Sperling's Journal* in September, 1919, "Britain's Hold on the World's Oil," in which Sir Edward Mackay Edgar, a Canadian who was interested in British Controlled Oilfields, said: "The British position is impregnable. All the known oilfields, all the likely or probable oilfields, outside of the United States itself are in British hands or under British management or control or financed by British capital. . . . America . . . will have to purchase from British companies. . . . The outer world is securely barricaded against an American invasion in force. We hold in our hands the secure control of the future of the world's oil supply. We are sitting tight on what must soon be the lion's share of a raw material indispensable to every manufacturing country. . . . It will be within the limits of the commanding position that the future has in store for us to hold up the entire world to ransom in the distribution and the price of this vital essential."

Sir Edward, an absurdly melodramatic and temperamental

adventurer in the business world, who publicly boasted, some years later, that it was he who had smashed Jimmy White before the latter's sensational suicide, hardly earned the gratitude of his fellow conspirators in publishing this article, which was quoted and reprinted all over the United States. At once an apparently popular outcry in America arose at just the time when vested interests were anxious to compel the State Department to use every possible form of pressure to make England share out the swag she had bagged during and immediately after the war. A counter-campaign had to be launched in England denying all guilt of any such greed, and swearing that the whole matter had been absurdly exaggerated. A British book on the subject admitted that the idea of a British plan for hegemony through oil was very widespread: "Almost this is taught in the schools in France and the United States." The Americans knew that their oil had played a big part in winning the war, and many Americans had hoped that the advantage gained in 1917-1918 was going to lead to the conquest of the world's merchant shipping trade by American companies.

France, too, was annoyed. Despite the fulsome remarks of Bérenger at the victory banquet in London, Deterding was distrusted and disliked in France, not only by the ordinary working man, far better informed about him than his counterpart in England, but by business men and politicians, too—particularly as he was not innocent of relations with French political groups and newspapers. We will remember that the third of Deterding's objectives was the oil-starvation of France.

The episode of Mosul is most instructive in showing that the Deterding Plan was not to go through without fierce opposition. The oil men of several great powers as well as important financiers, politicians, agents, diplomats and lawyers and been involved in the maneuvers for that patch of Abdul Hamid's territory before the war. But the wrangle was markedly sped up as soon as the war began. Turkish, British, French, Russian and German armies varied their maneuvers and campaigns on account of Mosul. Britain in particular showed grim determination to get and to hold. The story has often been told—the

exciting and brilliant campaigns in the desert; the heroism and tenacity and sacrifice of men in the pursuit of what they regarded as an ideal; the briberies, the overnight marches, the sabotage and the promises of T. E. Lawrence of Arabia, who knew from the first what it was all about, as he testified in a letter to Gertrude Bell; the sensational Sykes-Picot agreement in the height of the struggle, by which Britain astoundingly agreed, in order to keep up French morale on the western front, to include Mosul in France's share of the Near Eastern swag; the Lawrence and MacMahon promises to the Arabs, never kept; the furious battles around Kut and Baghdad; the calm British entry into Mosul right at the end of the war.

At once France began to suspect that she had been done. Over no phase in international affairs have the French been so angry with the English and their sophistical bargaining as over the affair of the oil of Mosul. From the date of the Armistice on, a keen undercover struggle was going on there for the actual condition of power to be in possession. Exactly what happened as regards Britain's various undertakings remains something of a mystery. The Sykes-Picot agreement to give France Mosul was canceled, apparently, by a high-handed secret correspondence between Sir Edward Grey and Paul Cambon, and the parliaments and people told to like it and lump it. The treatment of the Arabs, in relation to the promises made them to get their priceless assistance against the Turks in the desert campaigns, so disgusted the muddle-headed Lawrence that he lapsed into a sulky self-mortifying hermitry which lasted until his death. The MacMahon agreement, over which the General who signed it—Sir Henry Arthur MacMahon, an extremely experienced imperialist soldier who now holds innumerable directorships, including a seat on the Shell board—has very recently been involved in a correspondence in the *London Times*, has been conveniently glossed over; the Arabs, however, have not forgotten.

France was insistent. Her armies, too, were in the Near East. Syria was part of her swag. At the Italian town of San Remo, Sir John Cadman, Britain's best and most reliable petroleum

diplomat, met the illustrious permanent inspirer of French foreign policy, the late Philippe Berthelot, and a very interesting and important talk led to the agreement that France was to have a quarter share in the oil produced by whatever new company should be formed to exploit the oil of Mosul. This company, which would, of course, be based on the Turkish Petroleum Company whose pre-war vicissitudes we have traced further back, was to be under permanent British control. Moreover, it is apparent that Deterding had been exerting pressure on the French Government to get the management of whatever portion the French should succeed in getting. At any rate, the French were far from satisfied. It would be a long time before oil came from those fields, and it was doubly irritating to the French that the lion's share should go to Britain and the rest be subject to British supervision. The various sons of the Sheik Hussein had all been given crowns by the British, probably because they were amiable and tractable weaklings eminently suited to British methods of governing Asiatics. One of them, Feisal, was given Syria, but when he tried to take his throne he was chased pell-mell from the land by the one-armed French General Gouraud. Not only this, but the Turks, who had been pushed out of Mosul, and were now supposed to be a whipped and disintegrating nation, were far from willing to give up Mosul.

It began to look as though French diplomacy was encouraging the new Young Turkish Government, led by the fanatical soldier Mustapha Kemal, to push down the valleys of the Tigris and Euphrates and take Mosul once more. No doubt the French had reason to believe that a reconstructed company would give them a far from favorable position. The French suspected the British of fomenting difficulties in Syria, particularly in Lebanon, where the fierce Druse tribes have always made trouble for the French administrators. In the new state of Iraq, which Feisal eventually got as his kingdom, the English were not having it all their own way.

In due course, it became necessary to set in action enormously complex and elaborate forces to keep the Turks

from overrunning Iraq. Back in London and Paris the elderly backstairs financier, adviser, fixer and animator of politics, Sir Basil Zaharoff, was extremely active. The Liberal Party, alive and powerful in British politics, had been very close to him for years, and he was undoubtedly able to exercise strong pressure on David Lloyd George, H. H. Asquith and particularly the temperamental and wily Greek politician, Eleutherios Venizelos, whose alleged (only alleged, believe me; I met him twice) personal magnetism had made him a much greater success at Versailles than was good for him or for Greece. Suddenly Greece began to arm—mostly Vickers arms—and launched a totally unjustified war of aggression on Turkey. There is no doubt that Venizelos was animated by absurd dreams and delusions of grandeur. He saw Greece as a great power and himself one of the world's key statesmen. There is no doubt, too, that Lloyd George was fooled into backing this war against the "infidel." It ended many careers. The Greeks, marching into Turkey from Smyrna, seemed to be doing fine. Turkey at any rate had to leave attacking Iraq for the time being. Finally there came the murderous four-day battle of Sakkaria, at which Kemal wiped out the Greek army and ended the latest effort to preserve Mosul for Britain and Deterding.

The Lloyd George Cabinet fell. Venizelos was discredited and disgraced. Zaharoff's influence waned. Finally it was only the fortunate accident that Poincaré needed British support for his truculent invasion of the Ruhr in the interests of his bosses, the French steel masters, that enabled England to fish out an ace. For her support in the Ruhr occupation, she demanded French cooperation in the Mosul affair.

Zaharoff had been playing an important role in arranging things to suit Deterding in these busy and involved months. In his portraits, thinks Mr. H. G. Wells, Sir Basil "looks quite a nice if faintly absurd little gentleman." My fortunes have brought me meetings both with Mr. Wells and with the late Sir Basil, and I should say that the description accurately conveys my impression of both. Absurd and odious and dangerously daft though he certainly was, Sir Basil knew his way

around the financial corridors of the European maze. In 1921 and 1922 the Royal Dutch, the Shell and the Anglo-Persian Oil Companies all put their trust in him. It was he who occasionally advised on and attended meetings with Krassin regarding Baku and "the Bolshevik problem." It was he who penetrated existing banks and formed new ones to control the French oil companies and armaments racket (as far as the Schneider-de Wendel groups would permit). It was his Banque de l'Union Parisienne which fought Horace Finlay's Banque de Paris et des Pays Bas, in which Standard Oil influence was paramount and whose object was to eject the Royal Dutch-Shell from the French market. It was he who, with the assistance at particular junctures of C. S. Gulbenkian and the latter's worthy son, Nubar, skilfully contrived to bring the companies formed in France for the exploitation of Algerian oil resources into the arms of the A. P. O. C., which took good care to see that production did not take place and that French criticism was kept down to the minimum.

The Mosul wrangle went on for years. America was finally given a share, as the result of a visit to the United States of Sir John Cadman, by this time accepted as the shrewdest negotiator in Britain's camp where oil was concerned. Strong pressure, clearly inspired by the Standard interests, was brought to bear on Curzon and others by Secretary of State Hughes and various other high American officials, and the result was to give America a share of 23.75% in the output of Iraq's oil —and an equal share of the expenses involved in getting the oil to the surface and then to the coast.

The Turks had not yet given up hopes of getting Mosul back. A League Commission confirmed the creation of the new state of Iraq, to be governed by Great Britain under the mandate system. A similar mandate was given to France apropos Syria. Turkey disputed both. At the Lausanne Conference the wily and conveniently deaf Ismet Pasha made plenty of trouble, and the appearance of other claimants to the rights—notably Mr. Samuel Untermyer, representing the rights of several dozen "heirs" of Abdul Hamid—did not make things any

easier. The Armenian people, too, were protesting furiously and energetically the neglect of their rights as a race, and in Washington one of their representatives, M. Vahdan Kardashian, vehemently attacked the whole settlement, contending that the natural justice due to his people had been sacrificed to a plutocratic set-up to exploit Mosul's oil profitably. Whether Mr. Gulbenkian's somewhat unruly behavior in 1926, when he began to fight against Deterding for control of the Royal Dutch-Shell, was in any way due to a feeling that these patriotic cries of distress were justified is not very clear, but it is doubtful whether such emotions entered into his business motives at this late stage.

Late in the twenties the oil began to come up, and once and for all it was established that the soil of Mosul did contain really rich petroleum deposits. The great pipeline from Kirkouk to Beyrout in Syria and Haifa in Palestine was planned. King Feisal of Iraq became an important puppet in the Imperial scheme of things. This frail, dark-eyed, nervous little man knew that he ruled by the grace of King George V, and took good care not to speak out of turn. Squadrons of Royal Air Force machines were kept permanently in Iraq, with more in neighboring Palestine and Egypt, but it was an unfortunate fact that the Arabs were becoming less and less frightened of the birds that roar, and were learning ways of outwitting the air weapon. King Feisal made one of his periodical visits to London, to be given a state drive through the City and the usual visit to Salisbury Plain, and to be duly intimidated by zooming airplanes and highly mechanized troop maneuvers. The British at this time were becoming more and more worried over the growing power of the mighty "Calvin of Arabia," the Sheik Ibn Saud. Ever since the days of the Great War, the bearded Mohammedan explorer, St. John Philby, Britain's agent at Ibn Saud's court, had tried to convince the Imperialists that they had made a mistake in backing the puppets of the Hussein dynasty rather than this powerful and ambitious dictator. Ibn Saud controlled huge tracts of strategically placed

territory, and he was believed to be interested in making a deal with the Standard Oil Company.

On his way back to his own country on this occasion, Feisal stopped at a Swiss hotel, and died suddenly there. So did the manager of the hotel, who was the first man to enter his room after his death. The British took his body away quickly in a gunboat.

Shortly after this, the Near East became more and more restive. Various paid agents of Italian and German Fascism, for example the Syrian Sheik Chekib Arslan, whipped up discontent against the British. The Arabs received millions of propagandist sheets, printed in green ink, abusing the "whisky-guzzling hyenas," the English. The Arabic broadcasting station at Bari in Southern Italy blared forth abuse. All around the Mediterranean shores the same tactics were followed, to weaken and embarrass Britain and France. In Berlin the grandeur of the Baghdad railway plan was revived with greater and more magnificent vistas than before. Italians became interested in smaller companies formed to exploit the oil of Iraq which was not already earmarked; but as soon as the Abyssinian war broke out, they were ousted from this dangerous position. Scores of the most influential politicians and adventurers in the Near East now established contacts with Italy and Germany. In 1934 the Iraq Pipeline was opened by the young King Ghazi of Iraq with pomp, jubilation and world-wide interest. In a minor key, scores of commentators asked: "What sort of chance is this pipeline going to have of working once war, or undeclared war, breaks out in the desert?" Could Britain rely on Mosul oil for a war? Few honest people believed it.

Not only did Standard get to terms with Ibn Saud; through its subsidiary, the Amiranian Oil Company, it finally got the rights to exploit the oil of the six northern provinces of Persia —the famous Khostaria Concession, which had had an amazing and bumpy history since first granted to the Georgian Akaky Mefodievitch Khostaria in 1916. The same subsidiary also took over an immense tract of Afghan territory covering the greater

part of that country, and rumored to contain huge reserves. Agents were busily testing the soil and the political temper of Syria and Turkey, both known to have important deposits.

The British hold over Iraq became less and less certain. Ambitious and defiant soldiers rose there and exploited popular resentment toward the English for their own ends. Some of these native leaders were sincerely anxious to achieve their country's independence of all European domination. Others, when they indulged in altruistic demagoguery—which usually, in these cases, dragged in the Communist bogey as a red herring—simply meant to replace Britain by Germany or Italy. Such a one, from all accounts, was the army head, Bakr Sidky, who had close ties with Nazi Germany and more and more threatened to set up a dictatorship which would be vigorously anti-English and would certainly have favored the Fascist countries.

Had Bakr Sidky succeeded in his plans, thirty years of British effort in Mesopotamia, efforts involving the transportation of armies and the expenditure of hundreds of millions, might have been wasted. At last the strivings of Sir Henri Deterding and the Imperialists whose aims he strove to execute were beginning to bear fruit. And now this. It was a beautiful instance of the inevitable self-contradictions of capitalism that the very movement which Deterding's interests had compelled him to support and finance was now more or less openly threatening his interests elsewhere.

However, Britain breathes again. As the would-be Mussolini of Iraq, Bakr Sidky and his right-hand man, Major Muhammad Ali Jawad, head of the native Air Force, were about to leave the Mosul aerodrome to witness the Turkish army maneuvers, a minor officer drew a revolver and shot both dead. The sympathetic attitude towards the assassin adopted by the rest of the armed force prevented a thorough inquiry, and to this day the part played in the removal of the two pro-Fascists by Great Britain remains a good deal of a mystery.

XX

IN 1932 Roosevelt became President of the United States, and recognition of the U.S.S.R. by the United States became a certainty. Litvinov, after years of negotiation with W. C. Bullitt and others, visited Washington, and the two countries decided to exchange Ambassadors. Bullitt himself went to Moscow, and the soldier Troyanovsky opened the Soviet Embassy at Washington. The work of Ivy Lee, who had at one time been assisted by Gareth Jones, the Welsh journalist who spoke Russian and was subsequently killed in North China by Japanese agents, bore fruit. Cooperation between Standard Oil and the U.S.S.R. took a step forward. Cynics said that all America really wanted was to get the U.S.S.R to fight Japan for her, and many pointers suggested that this was the correct interpretation to be put on the new diplomacy. Deterding did not like the signs, however; and his campaigns against Communism showed no signs of abating. It was very shortly after this that he visited Roosevelt in Washington. He was constantly seeing Teagle, both in London and in New York. He protested angrily against the toleration of the "hot oil" situation in the United States, which made conservation and hence price control an impossibility, and continued to advocate joint action to maintain steady prices and the minimum of competition in the world markets. He made the acquaintance of John D. Rockefeller, Jr., now the richest individual in the Standard camp, and a man with a very great influence in financial and industrial circles.

All over the world Deterding's interests grew in scope and in the bulk of their turnover. In 1930 through the enterprising banking house of Dillon, Read and Co. (whose head, the col-

orful if untalkative Clarence Lapowski, calls himself Read) he made the biggest deal ever made by transatlantic telephone. Deterding authorized the American firm to offer £8,000,000 worth of new Royal Dutch stock to the American investing public in 4% debentures. Seven other United States banks were in the syndicate formed by Dillon, Read to do this.

Huge new Asiatic Petroleum premises were opened in various parts of the world. The gaudy yellow tanks became a common sight in the ports and on the jetties of every nation. In Shanghai, Sydney, Buenos Ayres, Cape Town and Singapore, the massive equipment of the Empire's potent oil-vending company took the eye at once.

New production fields were constantly being sought. In the little-known South American state of Venezuela in particular, development was rapid. Here was a typical instance of what happens to a country backward in development and third-rate in power when an important raw material is discovered underneath its soil. Venezuela possessed extensive oilfields, around the great salt lake of Maracaibo and elsewhere, and even before the Great War, as we have seen, Deterding was in.

If "normal economic conditions" are to prevail in a country like Venezuela, those who have "legitimate business interests" there have to see that they are "protected," and to do this it becomes necessary to "organize the sound elements in the country." The sound elements in Venezuela proved very early to be, as they always do in such countries, a number of savage, unscrupulous and corrupt soldiers and adventurers who would undertake to keep the citizens of the country quiet while the foreign plutocrats steadily bled the country dry. To do this they would naturally need to be paid. One does not oppress and torture a nation without an army and a police force. Very quickly the future boss of Venezuela came to the fore. He was just crueler, cleverer and smarter than the others. His name was Juan Vicente Gomez and he ruled Venezuela with a bloody and fiendish hand for nearly thirty years. By the time he had finished he all but owned the country. With the possible exception of the tin magnate Patiño of Bolivia, he was by far

the richest man in South America, worth over £20,000,000. The bulk of this came from oil royalties paid by foreign oil trusts, either by Royal Dutch-Shell interests or by Standard and their allies, Gulf Oil and Texaco. They bribed him to keep Venezuela quiet. It was not their business if he did it by throwing all those who dared criticize him into filthy rat-infested dungeons to die of slow starvation. It had nothing to do with them if his motto "Peace, Union and Labor," was said to mean "Peace in the cemeteries, union in the prisons and labor on the roads." It was nothing to them if he tortured his critics until they screamed with agony and did whatever he wanted. Why should they worry if the oil royalties rightly due to the Venezuelan exchequer went straight into Gomez' personal pocket? Wasn't he the guarantor of order and the safety of legitimate interests? Hell, one could afford a bribe or two for a man like that. And there was so *much* oil, enough for all. And Gomez had expensive tastes. He had more than a hundred luxurious cars, a palace with two hundred rooms and scores of bathrooms never used. His private zoo gave his jaded senses an occasional mild titillation. Although he was a bachelor, he had more than a hundred recognized bastard children, most of them in cushy jobs. When he took a fancy to a girl, he knew what to do to make her father stop protesting—a course in the dictator's "singing school" always did the trick.

The British and the Americans fought keenly to get that oil. All around the vast Maracaibo lake they sank their wells, moving further and further into the interior and nearer and nearer to the Colombian frontier. The working people of Venezuela held their peace. Critics would have faced death, torture or forced labor on the roads. And for those who would keep silence, at least there was work. The officials and the foreign oil men lived in villas and clubs of spectacular luxury. The people just existed.

Espionage, ruthless suppression and an impressive system of diplomatic activity kept Gomez going till the day of his death. To the outside world, the hell that oil made of this country was represented as a fortunate Utopia. Venezuela was spoken

of as that lucky country, with glorious roads and no national debt. Any word of criticism in speech or in print produced a firmly indignant protest from the nearest Venezuelan consul, and soon the outside world ceased to bother. Thousands of small fry, lawyers, shopkeepers, school-teachers and civil servants the world over, men who proclaimed themselves to be pacifists and Liberals, took shares in Deterding's oil companies which made Gomez' rule possible, and believed they were taking part in the development of a backward country. In an enthusiastically purple passage (doubly interesting in view of the author's connections) in Mr. A. C. Hardy's *Oil Ships and Sea Transport*, the author boasts: "The chartered companies exploited the then unknown parts of the world by the sword, and in the names sometimes of religion and sometimes of civilization massacred, plundered, pillaged, but above all, developed and colonized." ("Above all" is good.) Mr. Hardy thinks things are quite different now. "Luckily our oil magnates are scrupulous people because they have behind them none of the taint of Divine Right which so often has spoiled the despots of the past." He goes on very frankly to take us into some of the secrets which he, as European Director of *World Petroleum*, naturally knows: "The big oil corporations today are doing the same thing, but they are doing little by force of arms and everything by finance and 'inspired' legislation. They are bringing civilization, for example, to parts of South and Central America and to other places where formerly the old Companies or Conquistadors destroyed civilization and replanted it with doubtful substitutes of their own." In the case of Venezuela, as we have seen, the oil trusts supplied the finance and this inspired Gomez to do a little legislating which brought civilization to the backward Venezuelans. Sir Henri Deterding found in Gomez just the type of man in whom he felt confidence and for whom he could experience a spiritual and intellectual affinity. The oil combines dream of such as he to administer the countries in which they are interested. It is rare indeed that everything goes so well as in Venezuela. Sir Henri is frank, but if you know nothing of Venezuela under

Gomez you will not see the joke when he writes: "I satisfied myself . . . that the Government under General Gomez appeared sound and constructive and likely to be fair to foreign vested interests. And now that I know Venezuela better, I can certainly testify that in his twenty-six years of virtual dictatorship, General Gomez has consistently insisted upon fair play to foreign capital. . . . Through his policy, Venezuela has acquired a prestige and financial strength which the world depression has left unimpaired." Sir Henri adds that the question of the "stability" and "fairness" of the Government is one of the three principal factors which he and his colleagues always consider before deciding to do business there. Needless to say, they are aware that governments neither stable nor fair to foreign capital have in the past been removed to make room for those that are, and that much can be done by interested foreigners to induce the sound elements in any country to take suitable action.

Even husky old sadists like Gomez don't live for ever, but this brutal "sexy old codger" (the phrase is *Time's*) contrived to live to more than eighty. Then he died just before Christmas of 1935. The whole oil world was perturbed. Who would succeed him? What would the people do?

Britain's total investments in this comparatively obscure country have been put at £200,000,000, and the United States' at more. These figures are somewhat exaggerated, but Talcott Powell, whose brilliant account of the days following Gomez' death is well worth reading, has definitely put the total investments in Venezuelan oil alone at $636,030,000, divided about equally between Great Britain (including Royal Dutch) and the United States. Between them these countries founded more than fifty companies, which built up the oil industry of Venezuela into the second most productive in the world, displacing Mexico. Late in the twenties, Venezuela was displaced by the U.S.S.R., but it still stands a good third, and evidence suggests that it will go on producing at the same rate. Gomez' death brought Deterding hurrying to the country; he traveled rather absurdly under the pseudonym Muller, and had a num-

ber of stupidly mysterious encounters on the trip with newspapermen who knew perfectly well that he was Sir Henri Deterding, and that he was going to make sure that Royal Dutch-Shell interests would not suffer under the new regime; if possible that they should gain an increasingly strong position in relation to the Americans.

In this effort he has so far been successful. Britain is still well dug into Venezuela, now run by the "liberal" Lopez Contreras, and also has important oil bases for her mercantile marine and Royal Navy all round the Caribbean and Panama region. In California Deterding's power is particularly strong, and in the United States generally his production and his sales rise steadily and impressively.

Indeed Venezuela has given no trouble quite so exasperating as it did in 1926 when a spectacular and important clash took place between Sir Henri and his old ally and agent, the Armenian Gulbenkian. In January of that year a dispute arose between the two, and after some furious exchanges, a sensation burst on financial circles with the resignation of Mr. Gulbenkian from all his offices in the Shell and Royal Dutch group. Many reasons have been given for the dispute. It has been said that Gulbenkian made trouble over the entry of Standard Oil into the Iraq Petroleum Company; that he was angry over the treatment of Armenia; that it was in some way bound up with the aims of the British Intelligence Service; that it was a purely personal matter. Whatever else may have been involved, it is certain that the control of the Royal Dutch-Shell subsidiary known as Venezuelan Oil Concessions was one of the causes of the dispute and that Gulbenkian and his associates continued to fight the matter for some time. The *London Daily Graphic* gravely remarked: "'G' is a hard nut, and likes to have his own way. But other people like to indulge in the same luxury sometimes, and there are a few of them in Shell House." The paper went on to say that M. Gulbenkian had many other interests and that he would very probably be on the spot with money just as soon as he was satisfied that Kemal in Turkey, Pangalos in Greece and Riza Shah in Persia were there

to stay. "Warwick the King-maker, could not have taught Gulbenkian very much."

Exactly what Gulbenkian did during the next few years is not known, but he was most certainly associated with the widespread and brilliantly coordinated stock exchange attack on Deterding's position which broke out in 1931 and went on for several months. Huge quantities of Royal Dutch and Shell shares were thrown on the market simultaneously in Paris, London and Berlin, and at the same time rumors of various kinds were circulated in financial and political circles. It was said that Deterding had committed suicide, that he was licked, fed up, that he would retire in favor of Kessler, that he had run away under a false name.

The whole campaign, though Deterding suggested that it was run by the Soviet Government and its agents, is believed to have been inspired and directed by Gulbenkian for his own ends. The rumors suggesting that Deterding personally had cracked up and that the Royal Dutch-Shell was collapsing mostly emanated from the offices of the remarkable French woman journalist, Marthe Hanau, who ran a weekly newspaper devoted to financial matters, *Forces*, as well as a telegram service known as the *Secret of the Gods*.

Deterding pretended not to mind the campaign, and gave defiantly optimistic interviews even when the situation looked really serious. Scare headlines connected Madame Hanau with the affair and timidly hinted at the seriousness of a collapse of so immense an enterprise. Deterding told an interviewer that the latest happenings were merely the newest development in a campaign which had been carried on for two years against him, remorselessly and unscrupulously.

"They have represented me to be dead, that my body was found in a boat"—Sir Henri paused as he told his tale, "like Moses in the bulrushes. They have said I am bankrupt, that I am a criminal, and that I have run away from my business. Everyone who knows the situation knows that there is an organization in Paris and Berlin whose object for some time has been to attempt to depreciate the value of sound industrial and

other Stock Exchange shares. . . . I know that I am hated by the Russians, and it is the work of the Soviet, designed to try to destroy my reputation as a business man." He was sorry for investors who had suffered, but otherwise the whole thing was merely amusing.

Marthe Hanau and her paper fulminated against Deterding, declaring him the enemy of France and accusing him of secret dealings against their country with André Tardieu. "Enough of bluff; enough of cynicism! Make way, you and your French and international business adventurers who are in your pay. Off with you!"

Sir Henri offered to go to France and give evidence against the accusing Madame Hanau, but he continued to cry against the wicked Bolsheviki, and, after describing the whole of the criticisms made of him as nonsensical and unfounded, wound up:

"It is on a par with the statements of the Bolshies, who deny that there is such a thing as misery in Russia or that it is not a paradise for the working man."

No mention of Gulbenkian. Sir Henri never mentions him anywhere.

On April 22nd a flood of selling sent the paper value of Royal Dutch-Shell shares down £12,500,000 in the course of a single day. That night, Lord Bearsted stepped in and officially announced: "These rumors have every appearance of having been circulated with malicious intent by persons having as their object the achievement of personal gain." Then, admitting that for various reasons (one of which was that Soviet competition had prevented the "long overdue" rise in petrol prices) the Shell and its associated companies had suffered in the recent slump, he emphatically insisted that the companies' financial position was extremely good and that "there can be no doubt whatsoever as to the company's (the Shell's) capability of weathering not only the existing storm, but any storm that is likely to arise in the future."

Reporting this statement the next day, the *News Chronicle* carried the astounding news that the total market value of the

combined shares of the Royal Dutch-Shell companies had dropped during the last year more than £131,000,000. It is idle to speculate as to what would have happened to Europe had the slide downward continued. But it did not. The collapse was arrested; the companies were saved, and European capital gulped and breathed again.

Precisely as his intimates had expected, C. S. Gulbenkian became interested in Persia and her oil. As Commercial Attachés to the Persian Embassies in Paris and London respectively, he and his gay, be-monocled son Nubar could exercise considerable influence over the oil policy of that extremely important oil-bearing land. Whether the Gulbenkian influence had very much to do with the sensational action about the same time of the arrogant former Cossack Riza Pahlevi, who had climbed to the status of Shah and Dictator, is something of a mystery. At any rate, the ominous speeches of the Shah (in which he frankly said he preferred Communism to foreign domination) the growing strength of Russian military power and her commercial contacts with Persia (now Iran) and the friendly reception given to American agents interested in the oil of the Six Provinces of the north all showed that Persia was determined not to eat only out of the slender but firm hand of Sir John Cadman. In 1932, Riza Shah suddenly announced that the D'Arcy Concession upon which the whole of the Anglo-Persian pyramid had been built was henceforth null and void. Cadman, taken by surprise in San Francisco, took the matter coolly, despite a drop of 12% in Anglo-Persian share values, and, hurrying to Teheran, contrived to get the whole affair patched up on a basis of slightly larger royalties for the Shah. But it showed that the Shah was lacking in proper attitude of respect for British prestige, and it is upon that vague but priceless imponderable, prestige, that British power in the Near East has always been based. All these things affected Sir Henri Deterding directly. In his scheme of things the Anglo-Persian Oil Company, though not his property, played a quite definite and a unique role. He had co-operated with Cadman many a time. Cadman it was who had mollified the Americans

in the matter of Mosul's oil; Cadman who had talked with them about the "Six Provinces"; Cadman who had met Teagle and Deterding at a castle in Scotland to try to fix up perfect understanding among the oil companies. Young Kessler, one of the hardest-working and most influential men in Deterding's circle, produced plans for control of output and price, and so did Frederick Godber, a little-known, compact, bald and mustached Englishman who recently figured in a piquant rumor regarding the chances of stopping the slaughter in the Far East.

Prices rose and fell, and the public, in its vague, groping way wanted to know what it was all about. When, in 1929, he came to an arrangement with the Soviet Government by which their product would no longer undercut his in some markets, he at once raised his prices on the grounds that in America prices were already much higher and that, now the unfair competition had been removed, he was entitled to go up to the American level. Talking to the *Handelsblad* of Amsterdam, he admitted that he had talked with the Soviets, but insisted that he had not abated and would not abate his demand for 100 per cent compensation for confiscation. As for all the grumbling about the price of petrol, that riled Sir Henri and for the life of him he didn't know why they had to keep on at him. He thought there were "misrepresentation" and "political propaganda" at the bottom of it, and "as petrol was among the least important items in the maintenance cost of a motor, it was remarkable that no complaint had ever been made about a rise in the price of tires." Then came an admission, and a small grouse of his own.

"The public generally is not favorably inclined towards oil companies. Years ago there was some reason for this, but now oil should be considered from the same standpoint as any other commodity."

In the thirties Europe began to lose her balance. The economic collapse spread to every country in Europe except the U.S.S.R., which stepped with giant strides upward until its industrial production suggested that it was already the greatest

power in Europe. The politics of savage reaction came to the fore; the average man listened in despair to cranks and charlatans and, in time, did what they recommended.

The support of Fascist movements became one of Sir Henri's principal concerns. The slump had hit capitalism hard in every continent, and tens of millions of hitherto unthinking working people were now for the first time questioning some of the basic assumptions upon which they were trying to live. All this was extremely serious to a man like Sir Henri Deterding, who consciously regarded himself (as indeed he was) as one of the fine flowers of the capitalist system. During the later twenties and the thirties Sir Henri became something of a public figure whose pronunciamentos on anything relating to business, industry and economics—and then on health, success and the good life generally—were eagerly snapped up by editors and tossed to their dazed and gaping middle-class readers.

Apart from the ceaseless tirade against the "Bolshies" and the heavy, moralizing references to honest trading, Sir Henri spread himself somewhat on every complex fiscal and economic topic of the day. Smashing, highly simplified generalizations on Gold, on Income Tax, Death Duties, Tariffs and Free Trade appeared in Conservative papers in most western countries; letters, articles, interviews, contributions to symposia, speeches. He made a point of publicizing himself as a hearty, frank, clean-living, straight-shooting (hard-hitting; perhaps, but what would you?) he-man, the average Rotarian blown out a hundredfold, a thousand back-slapping go-getters rendered down into one ectoplasmic, kinetic Netherlander. He could brag, as he neared his retirement, that "today, the average man in the street no longer derides big business as he used to do, because he now has the sense to see that only big financial corporations can shoulder the burden and risks of running the more colossal of our basic industries."

Deterding's opinions on economic problems have an importance deriving from the objective fact that their progenitor is a powerful international financier whose influence over many industries, stock exchanges, newspapers and men is extremely

great. They are, quite obviously, simply an attempt to express in theoretical, academic terms the selfish needs of the Royal Dutch-Shell companies at a particular moment. A true individualist capitalist, Deterding scarcely pretends to be actuated by any wider motives. Why should he be? Such men pucker their brows and look genuinely worried and puzzled when you bring up such a point. Obviously it is better for Britain to lend Australia £50,000,000 than to lend Russia £10,000,000. Why? Because Deterding doesn't want the U.S.S.R to get on with its construction of a socialist commonwealth. Obviously it is right to put world currency on the dual basis of gold and silver. Why? Because China has a lot of silver and would at once start buying more of Deterding's product once the single Gold Standard had been abolished. Obviously American railways should adopt Diesel engines and so solve the country's slump with one simple, direct blow. Why? Because it would put another vital means of transport onto an oil-burning basis, and increase the power of the oil trusts and Deterding. Obviously Democracy is a washout, Communism is a fallacious Utopian dream ("which sets itself the impossible task of grinding men down to one common pattern"), youth must be "disciplined," "idlers" should be shot, protection is a "baneful system, income taxes should be reduced and death duties kept high. Why? It's simple enough. If these things were done and everything else stayed just as it was before, Deterding would be better off. A big "if," but dammit, the man's a big shot and believes in Simplification.

In England, Holland, and in America Deterding campaigned personally and through various proxies, and in time a great many of the things he had advocated came about. Britain went off gold, so did the United States, so finally did Holland, which had fought long against impossible odds. In his own country Deterding had a particularly tough and prolonged task, but in time he prevailed.

We have seen how, during the last decade, vast forces over which no individual or group of individuals had much power drew the British and Dutch business communities closer and

closer together. British commercial intelligence relied to a great degree on knowledge emanating from Amsterdam and Rotterdam for its "line" on many questions. A politico-commercial institution at Rotterdam, the Uranium, has the reputation of surveying all northern Europe in the interests of British Imperialism. In London no signs were lacking of the grim reality of this mutual attraction of the two gorged aldermen of Europe. The prim little Queen Wilhelmina, one of the world's richest women as well as one of the most powerful reactionary forces in Europe, made glibly meaningless pronouncements about her country's love of peace and pacific settlement of disputes, before realistically observing, "Nationally, this country stands for sanity and order in its economic and financial life. Internationally, it stands for unrestricted commerce, stable currencies and better prices." Thus spoke the lady who yearly draws millions from the tin mines, the rubber plantations and the oilfields of her Empire. (Queen Wilhelmina is said to be the largest shareholder in the Royal Dutch, after Deterding himself.)

That crackling old diehard, Dr. Colijn, who runs an Empire quite openly in the interests of its Royal Family and the business community, cautiously observed in the Scots accent in which he speaks English: "Our home countries have, in the main, the same interests. Our colonial activities are very much alike, while our ideals on policy and administration bear the same characteristics." Under Dr. T. P. Van Der Kooy, the Dutch Economic Intelligence Service worked in amiable friendship with Britain; as Dr. Van Der Kooy put it, the Service "carries out research work and collects information on behalf of the Government. . . . Organization of the Economic Intelligence Service is based on the principle of centralization of all matters pertaining to economic intelligence." Other business communities could make use of their knowledge, if they saw fit, and "this applies in particular to the people of Great Britain, with whom the Netherlands throughout the ages has been linked by strong cultural and economic ties, and, in fact, to the British Empire in general."

With every year that passed, some significant happening emphasized the growing interplay of Dutch and British finance. On the right bank of the river Thames in the heart of London, on each side of Somerset House, the home of His Majesty's Board of Inland Revenue, two massive new commercial palaces rose to dominate the river in which, once, the British and Dutch navies fought for world empire. By Blackfriars Bridge, a stone's throw from Fleet Stret, St. Paul's Cathedral and the Bank of England, the great new curving Unilever House was built, emphasizing the fusion in the world-embracing Unilever trust, the immense British Lever soap interests and the Dutch margarine combines of Van Den Bergh's and Jurgen's.

Walk up-river for a minute or two, and behold, on the site of the old Hotel Cecil the massive, grimly graded, white Shell-Mex House, as truculent in its shape and solidity as a jutting chin. Each building represented, indeed, an immense handclasp, each stood for one of the two greatest Anglo-Dutch sea-straddling trusts. So long as capitalism lasted, so would the Unilever £200,000,000 monopoly and the Royal Dutch-Shell £250,000,000 would-be monopoly stand fast, and so long would it be the ambition of every business man, lawyer, oil technician, advertising expert, commercial artist, shipping man, lobbying Liberal or Conservative politician, clam-mouthed secretary and job-seeking stenographer to work for these blatant symbols of flagrantly successful capitalist enterprise. The hundreds of rooms, the long carpeted corridors, the magnificent and haughtily unbending commissionaires, the purring efficiency of a thousand typewriters, the opening and shutting of a door here and another there, the smooth arrival of a Rolls-Royce and its rapid disgorging of top-hatted "biggies," the house magazines, the lavish sports grounds, the complex and surely generous pensions schemes, the hearty annual dinners, the leather chairs, paneled rooms and glistening chromium plate fittings, the dangling prizes in bonuses and huge salaries for good boys who were also useful boys—all this meant civilization and life itself to scores of thousands of almost sensually subservient workers. This was capitalism at its most glorious,

big business raised to its *n*th power, commerce rationalized or nearly rationalized to its logical ne plus ultra, world wide monopoly. It was impressive, if you like. No one could deny that it worked—until war should come.

That was just it. War might come. Everything would be marvelous otherwise. There were those bloody Russians, but somehow Russia and her Bolshies seemed pretty far off, and everyone knew that Russians wore beards and about the worst they could do was shy a few bombs. Why, we could almost afford to be quite tolerant and liberal towards them if they honestly weren't going to make a war. They even bought things now and then. The Unilever magazine ran quite a good-natured travel article about the U.S.S.R. But it was the Germans who seemed to be getting quite tough again, and this was funny and a pity because everyone knew, especially if one had hiked in the Black Forest or had taken a seven-days conducted tour of the Rhineland, that the Germans bathed a good deal, and were decent fellows just like us, blue eyes and all that, and no dog's dung on the pavements. Why couldn't the Germans be sensible and simply buy everything from the Dutch and the British, who had it? The fact remained that the men who had access to the pooled secret information of Holland and Great Britain saw the need for preparations for a war which the have-nots would sooner or later wage on the haves.

The Netherlands Chamber of Commerce in London, whose object is to foster commercial relations between the Dutch and British Empires, counted Sir Henri Deterding, at one time, as among the most potent members of its Council. It is only one of many official and semi-official societies and other bodies working on these lines. In the thousand rooms of Shell-Mex House are the premises of the Netherlands Information Bureau, the German Chamber of Commerce, various private research and information bureaus, and the principal petroleum trade magazines. The impression given is one of commercial and political singleness of purpose, and of intensively specialized organization. Among the big men on the executive Committee of the Netherlands Information Bureau, established as

recently as 1935, is Mr. Heertjes, an area manager of the Asiatic Petroleum Company.

As the thirties rolled on, Holland prepared for war. Bluntly, that was the meaning of many significant happenings. The hullabaloo over Princess Juliana's marriage to a German prince reflected the desperate anxiety of the Dutch traders and bankers lest the Empire should be left without its symbol. A republic would be unthinkable, and the radicalism of the dockers and factory hands of the ports was hard enough to handle even as it was. The condition of the native population in Java and Sumatra and Borneo, despite frantic and in some instances astute propaganda to the contrary, was wretched and showed little sign of improvement. The actual attitude of the tough eggs who ran those islands for the benefit of the coupon-clipping armies at home was, in private, as cynical and as brutally frank as the attitude of any ruling caste in history.

> "In matters of commerce the fault of the Dutch
> Is giving too little and asking too much."

That truth had been discovered by the English more than a hundred years before, and since then the sweating, regimented islands of the Malayan Indies have found that this parsimony extends beyond merely commercial matters. The fabulous profits dragged out of the sixty million dark-skinned natives of these islands were produced by a system of highly organized mass coercion, sanctioned by an army of cosmopolitan plug-uglies not unlike the French Foreign Legion. In the words of Henriette Roland Holst, "these super-profits are the result of shamefully low wages (indeed, about forty per cent of the people of Java live in a state of semi-starvation), long hours of work, very bad housing, equally bad sanitary conditions, and total neglect of popular education; about ninety per cent of the people are totally illiterate." Workers who made about £1 a month for slaving for enormously long hours in the metal industry of Soerabaya had to pay about half of it as rent for the filthy hovels the benevolent Dutch Government tolerates as

homes. Taxation was and is fantastically high; natives earning one hundred gulden (far below the starvation line) pay taxes, while white people are exempt if their earnings are under nine hundred gulden. Banishment, whipping, executions and terrorism keep the Javanese and the less disspirited Sumatrans in order. The net results were to increase the cost of running the Empire, to create bitterness and determinedly efficient underground revolutionaries, to arouse protests among the workers and educated professional classes at home; and to leave the road open for Japanese anti-European agitation. The last of these results is today the one Dutch Imperialsm is finding most maddening.

Slowly Japan cut into the trade of the Far East, and even in the protected Dutch East Indies nothing could be done, during the slump, to prevent this slow undermining of British and Dutch monopolies. Desperately the Dutch drove taxation up and up, and cut expenses until they were scraping away the bone. Such educational services as the natives had been receiving were practically abolished. Hundreds of Indonesian youths thereupon went to Japan to get their higher education, and the principal point in their education proved to be that Wilhelmina was a very greedy and wicked European millionairess, and that taxation would be much lower and nearly everything would be practically lovely if only the Japanese were invited to Batavia to protect the poor Indonesians from such as she. Whether they want a self-governing Java and Sumatra, still capitalist, or a Communist regime or Japanese rule, most of the natives are about sick of the Dutch, who conquered them by force and hang on by the use of the same weapon.

Today Dr. Colijn is constantly warning his compatriots that a war may come, and to Randolph Churchill and others he has gone into detail regarding his General Staff's plans for defending the Netherlands by armed resistance and the age-old maneuver of opening the dykes and flooding the land. The traditional Dutch policy of neutrality is no longer thought by any realistically minded Dutchman to be practicable, and it is quite clear that a complete pooling of military and naval

resources is envisaged between the two empires. The Governor of the Dutch East Indies, Jonkheer Bonifacius de Jonge, once worked for ten years in London as an official of the Royal Dutch-Shell, and during that time he made the acquaintance of Stanley Baldwin who, as Prime Minister of England, said in Parliament in August, 1934, "The Rhine—that is where our frontier lies!" During the previous year Baldwin's friend, Viscount Allenby, had visited Java and made a reconnaissance which was shrouded in mystery and annoyed the Japanese intensely. The "White Front" against the Japanese had been set up, because the inner circles of British Imperialism agree that there may be much truth in the sobering thought published in *Time* of August 12th, 1935: "Great Powers may not care a great deal what happens to or in the Kingdom of the Netherlands but the destiny of the white race may prove to be that of the Netherlands Empire. If the small yellow subjects of Japanese Hirohito succeed in filching away from Queen Wilhelmina's big white subjects the No. 3 colonial empire of the world, what about France's No. 2 colonial empire and Britain's No. 1?"

That the most reactionary circles in Britain fear that an attempt on these lines is to be made was shown in a recent book which appeared under the name of Malcolm Campbell, the racing motorist, who was one of the circle of diehards in Lord Rothermere's organization, a convinced Fascist and the nominal head of the propagandist British Movietone News. The Rothermere machine has systematically backed and glorified the Fascist dictators, and for a time openly supported the native Mosleyite Blackshirts movement. Today, while continuing to praise the "re-born Germany," Rothermere and his hirelings display panic on every possible occasion. Campbell's book, which may be taken to represent the views of his boss and his boss's wealthy and well-informed associates, after the usually thinly disguised Fascist criticisms of Trade Unionism and Parliamentarism, agrees that in all probability an understanding exists between Germany and Italy for a joint attack on the British Empire, an attack which if successful is to hand over the

Dutch East Indies, or most of them, to Japan. The *Daily Mail* has not yet published Sir Henri Deterding's views on this rather awkward situation.

Another result of the growth of Fascism in Europe has been the speed-up of the tendency towards autarchy. Although the great trusts which control enough of a certain basic product to supply every market with it are compelled to back and finance Fascism because they know that only Fascism can prolong their existence, yet the growth of Fascism, at any rate in some countries, leads to a lessening in the demand for their product. This is the necessary result of widespread fear and mutual suspicion. Obviously petroleum is one of the chief of the commodities suffering in this way. The happenings of the last great war have taught war-makers their lesson, and the lesson is that it is best not to have to fetch oil from *anywhere*, if you can possibly help it, but to have it within your own frontiers, and plenty of it. Thus we see Sir Henri Deterding, who publicizes himself systematically as the plain-spoken, direct business man, "just an oil man trying to get along," definitely putting his political prejudices above the possibilities of greater immediate profits by backing Mussolini and Hitler. A democratic capitalist regime either in Italy or Germany, if the existence of such a thing is conceivable in 1938, would certainly be using for non-military purposes infinitely more oil and oil products from the capitalist oil trusts than the present Fascist regimes are doing.

The dictatorships have definitely set as their official policy the crazy ideal of national self-sufficiency. This is one of the maddest and most reactionary economic conceptions to be taken up on a large scale, for centuries. Indeed, in nothing does the hypocrisy of European Fascism's protestations of peaceful intentions reveal itself so unmistakably as in this deadly determination to build up adequate sources, within their own boundaries, of every vital material. Having decided to back the Fascists for temporary political reasons—i.e., in the hope that their aggressive governments will provoke a war from which no Soviet Russia will emerge—the oil trusts had to face the possibility of temporary losses of profits as the result of

the determination of the Fascists not to be caught short. A Nationalist government never trusts any other, even if ostensibly it is in the same group. Hence every country which envisages the possibility of war not only stores as much oil from outside sources as it can get, including the natural oil of the trusts, but also does everything humanly possible to develop all available native resources, however puny, and to set up plants for the manufacture of synthetic petroleum products from coal or any other product which they can get more easily than oil. These steps are taken more or less regardless of cost.

In an informative article giving details of the efforts of the two great European Fascist powers, Italy and Germany, to make themselves self-sufficient in oil, Nicholas Davenport, writing in the *New Statesman,* after defining oil as "the raw material of war," says: "No war can be fought in these days of aerial armadas, mechanized land forces and navies consuming liquid fuel unless the aggressor has achieved independence in the supply of reserves of oil. In the game of power politics 'autarkie' in oil is the trump card. If the dictatorships ever secure it, we must beware. . . . But it is not a question of economics or finance; it is a matter of defense—or of military preparedness for aggression."

Germany, during the Nazi regime, has succeeded in making herself independent of foreign oil supplies to the extent of two-thirds of her requirements in peace time (of course consumption will be much higher in time of war) by intensive development of her very small native oilfields, and by large scale manufacture of synthetic oil, principally from lignite by the Bergius process. Eight hundred thousand tons of synthetic petrol were produced in 1937, and the figure should be considerably higher in 1938. The German Dye Trust—the I. G. Farbenindustrie—formerly a supporter of the Republic, is now ardently Nazi and busily engaged in solving on an enormous scale and at immense cost the problems of giving the Nazi warlords adequate supplies of the artificial substitutes for the oil, rubber and textiles which Germany may lack once war has

broken out. It is quite crazy, but it is the logical consequence of rampant nationalism.

Mussolini has not even the very considerable coal supplies which Germany possesses within her own frontiers. His country lacks almost every primary raw material, relying largely on water and electrical power for the animation of industry and transport. But Mussolini goes hard after oil. He has made consistent efforts to get into Iraq, and undoubtedly fancies his chances of having the whole of that region for himself in due course. Egypt, too, has oilfields which, to Italy, would be a priceless boon. The reports of oil-bearing lands in Abyssinia were one reason for the Italian attack on that country. Italy has been practically running Albania for years and today relies to some extent on the Albanian oilfields for her supplies of oil. In just the same way as Germany, Italy is endeavoring to become self-sufficient in oil. The Abyssinian war brought the question of oil, as an instrument both for waging war and for making compulsory peace, into world-wide prominence. By the time Mussolini decided to gamble everything on the Imperialist adventure, he had accumulated a year's supply of oil, but even so the writings of Fascist Marshal de Bono have made it quite clear that the firm application of oil sanctions would have paralyzed Italy's war machine and very likely brought the Fascist regime crashing to the ground.

It is, of course, precisely because a set-back for Mussolini at that juncture would have meant the end of Fascism and of capitalism in that country that the most powerful countries in the League of Nations, excepting the U.S.S.R., did not want to do the one thing which would have ended the threat to Abyssinia. In other words, the affair illustrated beautifully that class loyalties take precedence over national loyalties. Mussolini in and around the Suez Canal, Mussolini in the Eastern Mediterranean, Mussolini threatening Egypt and the all-red map of Africa—that was better than Socialism spreading easily and irresistibly over Western Europe. Far better to take a chance on coming out on top in a war later on with the organized powers of have-not.

Britain, British companies, American companies and the U.S.S.R. all supplied Italy with oil for her Abyssinian war. After offering, through Litvinov, to do whatever the League should determine in the matter of sanctions, and finding that oil sanctions were not to be applied, the Soviet Government very sensibly took the view that its own oil trusts might have some of the business that was going. It was Britain who got the application of oil sanctions abandoned, deciding to give Mussolini a free hand. Since that day Fascist Italy has made extensive efforts to make itself self-sufficient in petroleum. First, there are the Albanian crude oils, which are to be hydrogenated and made usable at two plants recently erected at Bari and Leghorn, which will start operations in the middle of 1938. Mussolini boasts that Italy will be self-sufficient in the matter of oil by the second half of 1938, but very few people think that this boast is justified.

The wars in the Far East and in Spain have confirmed the importance of oil in international relations, as well as showing how openly and how skilfully the Fascist powers are carrying on their attack on the as yet un-fascisized parts of the world.

XXI

DETERDING has had many difficulties to contend with in maintaining the privileged position of his trust in world affairs. Apart from the vagaries brought about by the economic slump and the gradual worsening of the political situation, there has been the onslaught made on the position of oil interests by the rival vested interests of coal, particularly in the British Empire; and, partially bound up with this, the threatened rivalry of artificial oil produced either by the hydrogenation processes worked out by the Germans Carl Bosch and Frederich Bergius or by the Fischer-Tropsch gas-synthesis process, of which a good deal has been heard in Great Britain recently. Backed by the immense technical and industrial resources of the I. G. Farbenindustrie, the Bergius process of hydrogenating soft brown coal-lignite has been put to work on a big scale in Germany. The Standard Oil Company, the Royal Dutch-Shell and the British Imperial Chemical Industries are also interested in it, and at Billingham-on-Tees the last of these has set up a plant, not particularly successful or profitable, for the hydrogenation of British coal for use in the Royal Air Force.

The bull-headed Bergius and the hard-boiled Carl Bosch, one of the most powerful animators of the sinister German drive for world dominion in commerce, have invented a means of making a substitute for oil. But Deterding, Cadman and other British oil magnates have always belittled the oil-from-coal process as being at present unnecessary and expensive, and right up to the present day they have succeeded in preventing the synthetic oil products from gaining any considerable hold on the British market. Other processes exist, e.g., the Low Temperature Carbonization process, but none as yet has made

a sufficiently large niche for itself to threaten the position of the British and Dutch trusts in the British Empire. Today Great Britain still relies on natural oil for her fuel in war. Whether the storage and transport facilities for the requisite supplies are in as good a state of preparation as the Cabinet would like is quite another matter. Most of the Government's preparations remain a secret, but what is not a secret is the fact that Mussolini is near Suez, dug in at Rhodes, fortified in Pantellaria; that German guns cover Gibralter and that the Canary Islands are a Fascist base. These are the things with which the British Navy will have to contend during the next war.

The uncertainty of oil supplies from abroad is precisely the principal argument used by Britain's coal industry for the return of the Navy to coal. An extensive and tireless campaign for this step has been conducted in Great Britain. Among the most energetic pamphleteers and letter-writers have been Sir John Latta and Captain Bernard Acworth, author of *Back to the Coal Standard* and other books. Captain Acworth, a fanatic for the ideas in which he believes, considers that the oil and electrical and chemical trusts are forming a ring which will force Socialism on the world! His definition of Socialism appears to be "any form of monopoly in which the Government takes part." The fundamental question of whether or not the monopoly is conducted for the general use or for the profit of a group does not seem essential to him. Many of the capitalists and shareholders in flagging coal enterprises who join in this pathetic campaign are anti-Semites, convinced that by destroying the power of the old-chemical-electrical tie-up (if any), they will, while increasing the amount of business for the coal industry and improving their own fortunes, deal a shattering blow to our old friend and bogey, "the Jewish plot against the world." Of course, in whispered conversations, they bring up Emil and Walther Rathenau of the German A.E.G. (General Electric Company), Lord Hirst of the British G.E.C., Gerard Swope of the American G.E.C., Mond and Reading of the I.C.I., and Bearsted and Waley Cohen of the Shell—

which, to them, proves something. Captain Acworth is very sorry for those who have investments in the oil ring, and remarks: "The tragedy is deepened by the fact that the restoration of prosperity to the railways, coalfields and basic industries can only be achieved at the cost of temporary unemployment to those whose fortunes depend upon the continuing existence of that international Oil Empire which cannot co-exist with a free, happy and prosperous British Empire."

Captain Acworth floods the press of Great Britain advocating a return of the Navy to coal. Sir John Latta is energetic in the same way, and has written a pamphlet, *British Bondage to Alien Oil*, in which many of these letters are reprinted. Sir John and others are busily advocating "dual firing," i.e. the adaptation of the ships of the Navy so that they can use either coal or oil. Says Sir John: "The dangers of oil fueling are these: Blockage of the Suez Canal, sinking of oil tankers, destruction of storage tanks, annihilation of distilling plant for the extraction of oil from coal, which are all highly vulnerable under modern aerial warfare conditions. . . . I regard the whole situation as very disquieting, not relieved by a visit I paid to Bernard Shaw's latest political play now running in London, entitled *On the Rocks*."

The controversy has rambled on in Great Britain for years, and today stands exactly where it did. The forces of coal are very far from being licked. Mr. A. C. Hardy of *World Petroleum* is almost truculent in his reference to the attempted comeback of that grimy ham, Old King Coal: "It is against these enormous, powerful and arrayed forces that the puny and dying forces of coal seek to pit themselves, much in the same way that Canute sat in his chair on the seashore and bade the waves go back at his command. Because oil is so international it is therefore a powerful weapon for peace and where subtle diplomats would seek to plunge nations into bloody warfare, oil executives can, if they wish, hold them at bay. . . ." ("If they wish" is good.)

In spite of Mr. Hardy's contempt, coal has plenty of fight left in it. It was the power of the coal beneath her soil, and

the labor of a million poorly paid miners who sweated and hacked to bring it up, which made Britain the carrier of the world's trade and the director of much of its wealth. And the men who own the coalfields of Great Britain are still immensely wealthy, as well as influential in both Houses of Parliament, in the Press, in high Society and elsewhere. Snobbery, anti-Semitic prejudices, various conservative cliques and clubs, all work on the side of coal against oil. At a very big meeting held in London in February, 1938, and reported to more than three and a half columns in the Welsh coal-owners' newspaper, the *Western Mail*, scores of prominent men in politics, the Services, the Press and business got together to demand dual firing for the Navy. The terrible danger of finding oil supplies depleted, destroyed and finally cut off during the coming war was emphasized in a number of speeches. Among those who came out emphatically for coal were Admiral Sir Barry Domville, who made a lengthy analysis of the strategic situation, and none other than the famed British Intelligence genius of the Great War, Sir Reginald Hall. Sir Reginald, now living in retirement in Switzerland, is the man who took orders from no one during the war, not even the Cabinet, and had a lot to do with the German collapse; he wrote to the meeting, to say: "I think my views on the subject of fuel for the Fleet are well known, but I find many people who think them retrograde. As a fact, they are just the opposite and are based on my experience as Director of Naval Intelligence during the war. . . . As I view the matter, it is not a departmental one but one of vital national importance. . . ."

And so the controversy goes on. But nothing has yet been done. Oil continues to control the navies, the armies and the air fleets, both military and civil, of the whole world. And Deterding has, more than any other man, done that.

Throughout the thirties rumors became more and more insistent that Sir Henri was contemplating retirement. There was a good deal of speculation as to whether or not he saw eye to eye with all his fellow directors as regards the conduct of the companies he ran. It was reported that his managerial

methods and his political adventures were very distasteful to some of his colleagues. His weakness for speculation and stock market operations often frightened them, and his sometimes quite wildly open advocacy of support for Fascism at times worried men who believed that Germany was far more likely to try her luck against Holland and Great Britain than against the U.S.S.R.

In April, 1936, Sir Henri attained his seventieth birthday. The British press, which has never succeeded in making him a celebrity of the first rank, practically ignored this interesting milestone, although one of the mob's Sunday papers, the *Sunday Chronicle*, ran a column of conventional success-story pen-picture hooey. Once again the rumors of an early retirement became more and more insistent. In the summer the rumors intensified. Europe was on the brink of war. The bluff of Mussolini in invading Abyssinia had won out, and the League of Nations, already wobbling miserably, suffered another shattering blow to its fast vanishing prestige. In July General Francisco Franco, snatching the reins from the General Sanjurjo, who had planned the move for months in Berlin and had unexpectedly been killed in an air smash, led the rising which began the murderous Spanish Civil War which still rages and which has baffled Fascism everywhere.

Deterding's private life hit some obstacles. His wife, the White Russian Lydia Pavlovna Koudoyaroff, took action for divorce and was successful. At once Sir Henri married a German lady by the name of Fraulein Knaack, who had for some time worked in his organization as a confidential secretary and adviser on German and other affairs.

Sir Henri was seventy, and he had worked for a round forty years in the oil business, the whole of it in the service of the Royal Dutch. He had steered it from the position of an obscure, struggling, poor company to that of a world-straddling trust in many respects greater and more influential than anything else in existence. No ordinary man had done this.

Early in June, Sir Henri was formally presented by his colleagues on the boards of the Royal Dutch and the Shell with

an elaborate and beautiful gold cup. Made of darkened gold, embossed, ornamented by precious stones and pieces of rock crystal, it really was something to wonder at. It was the work of some very famous Dutch craftsmen, the workers at the Koninglijke Begeer at Voorschoten. Jonkheer H. Loudon spoke on behalf of the Royal Dutch and Lord Bearsted for the Shell. Sir Henri was deeply touched.

Later on, in July, Sir Henri was the guest of his company at the Hague. This celebration, too, was in honor of his forty years' work with the Royal Dutch. At a given signal thousands of clerks, typists, janitors and departmental officials of the Royal Dutch and other companies, all dutifully steeped in individualist ambition and commercial blarney-ballyhoo, poured out onto the lawns of Te Werve, the company's club house.

It threatened rain, and the sky was grey and disturbed. Row upon row of big shots, including such visitors as Godber and Agnew from London, sat with the ladies in readiness for the celebration. Neither Lydia Pavlovna Koudoyaroff nor the newer Nazi Lady Deterding was present, but Sir Henri's eldest son and his wife were there to stiffen the family representation.

They had come together, speakers reminded the gathering, to celebrate the seventieth birthday and the fortieth year with the Royal Dutch Company, of their beloved chief Sir Henri Deterding, whom they were delighted and honored to have with them. He had done great things for Holland and for progress generally. He had raised a small enterprise from nothing to the status of an undying ornament to the Netherlands and their glorious story.

Rousing cheers were given to Sir Henri. The rain still held off. An impressive bust of Sir Henri, by Johan Polet, was unveiled, and the respectful if slightly fidgety crowd was informed that it would be placed in a prominent position in the Head Office of the company, the building in which so many of them worked. Copies would be made, in the form of plaques, for the principal branch offices.

One of the company's oldest and best-known employees, Sluyterman van Loo, then made a speech. The chief traits of

Sir Henri's character, he said, were sportsmanship and never-failing interest in the well-being of his staff. There were more cheers after the old gentleman sat down. A band thereupon played a hearty Dutch ditty, "*Lang zal hij leven*"—"Long May He Live." Directors and officials of Sir Henri's companies arose and said their pieces, and finally Sir Henri himself, white with years but ruddy of face and still aggressively fit in manner, made his speech of thanks. It was, he confessed, a great moment for him, to realize in this way "the love of all his employees for him personally."

After this celebration the reports that Sir Henri would retire became more specific and more insistent. Formal denials and laughingly hearty informal protestations that he hoped to go on for centuries yet came from Sir Henri and his circle.

And then, of course, came the formal announcement that he was to retire. It was made late in October, and said that he would finish his service as Director General of the Royal Dutch at the end of the year, but would remain on the Board as an ordinary director. The reason given was the simple one of age, that Sir Henri felt that his work was done. The news was commented on at some length by the *Times* of London, which wrote of Sir Henri much as if it was publishing his obituary. Giving an interesting and astute summary of the oil man's career, the *Times* wound up: "Deterding has never deviated from the policies which he first mapped out as a young man. The passage of time, however, brought a more cosmopolitan outlook, and likewise that slightly enigmatic air which has made him on occasion an object of deep public interest. In truth, Deterding bears little resemblance to the machiavellian figure sometimes imagined by enterprising and not always friendly publicists. At the age of seventy years he is still alert and vigorous. In view of his advancing years, however, the decision to divest himself of some part of his heavy responsibilities will occasion no surprise."

From America came a formal tribute from his great friend, hearty, husky Walter Clark Teagle of Standard Oil of New Jersey. Quoth Teagle enthusiastically: "If a student wants a

comprehensive understanding of the origin and development of the petroleum industry he cannot acquire it more interestingly than by reading of the careers of two men still living, one of them ninety-six years old and the other but seventy. Sir Henri Deterding pioneered just as truly as did John D. Rockefeller. His work was to extend and enrich the Empire of Petroleum founded by his illustrious senior, and to market products available to millions far removed from oilfields. He is a truly great man, always a builder, never a destroyer, whose vision, courage and abundant energy have inspired thousands of workers in advancing the outposts of the Royal Dutch-Shell to the remotest quarters of the globe."

Once more Mr. Teagle's enthusiasm for a man running a company supposed to compete with him was shown. The usual note of "service" rather than "profit" runs inevitably through the passage, with the extraordinary references to Sir Henri's "task," as if the establishment of a world-wide trust intended to bring profit to shareholders, power to a few and strategic advantages to an Empire built on force, were the deeds of a man actuated by a desire for altruistic public service. Phooey!

Sir Henri gave one extremely interesting interview at the time of his retirement. The successful journalist was a fellow Dutchman Kees van Hoek, who had been associated, as editor, with a weekly paper published in several languages (formerly only in German and English, and suspected of being subsidized by Nazis) in London. M. van Hoek, whose interview was published in the Boston *Christian Science Monitor*, parades a fulsome, sparkling description of the giant of commerce, giving interesting and copious details of his office, his appearance, manner and attire. Sir Henri talked fairly freely, though "he was rather reticent" on one or two points, e.g., the question of competition between the various Standard companies and Deterding's concerns. "There is mutual respect between us. Now and then we have our differences, but we all realize that it would be madness to ruin each other with undue competition."

Sir Henri spoke with some pride of his youth, his hard work, the trusts he had built up. "The Royal Dutch has a capital of

£170,000,000; the Shell, £100,000,000, not counting preference and debentures." These facts "take one's breath away," according to M. van Hoek. Sir Henri went on to advocate Free Trade, to speak of the organization of his personnel, to ridicule Communism and somewhat angrily to deplore its effect on the young in Western countries. He made a definite statement regarding the Russian oilfields:

"People sometimes imagine that my actions against Russia are prejudiced. Some time ago I met one of the Russian potentates who, in a very straightforward manner, inquired whether we wouldn't be agreeable to discussing concessions with Russia. I answered: 'Monsieur, if I was so certain of going to Heaven as I am of eventually getting back the oilfields confiscated by your Government, I would feel still happier than I do at present.' No, I am not prejudiced, but what is being done in Russia is aimed against all the world."

From then on Sir Henri became more and more emphatic, discussing youth and denouncing its independence. Its energy, he believed, "can only be of value if properly disciplined."

Sir Henri's last report, as General Director of the Royal Dutch, had been, as usual, immensely thorough, covering conditions and operations in every important oil-bearing area in the world. He had made criticisms of the U.S.S.R., mostly in the form of unfavorable comment on the methods and success of the oil trusts. He discussed the current state of political unrest, which "had certainly had some influence on the progress of the petroleum industry."

"Our business, too," said Sir Henri, "is greatly in need of a peaceful and particularly industrious world, in which as few obstacles as possible are placed in the way of commerce." What was lacking to make the world safe for the Royal Dutch-Shell was an honest monetary system, adequate clearing agreements, and very much less taxation. He gave some interesting figures showing the size of the trust and the scope of its operations. In the preceding year the group had employed 180,400 people; it had spent £113,000,000, and paid £89,248,667 in taxes. The "Commissaries" who signed this report were H. Loudon,

C. J. K. van Aalst, J. Luden, Aug. Philips, J. Klopper, W. H. van Leeuwen, E. J. Ijzerman, H. W. A. Deterding, J. E. F. de Kok, and J. B. Aug. Kessler.

Who was to replace Deterding? In London his work would pass naturally to the big men of the Shell group, Lord Bearsted, Sir Robert Waley Cohen, Andrew Agnew, Frederick Godber and others. In Holland, it was not so certain who would succeed. For very many years it had been customary to say that young Kessler, son of "Old Man" Kessler who had virtually founded the Royal Dutch, would replace Deterding, that he had been trained for this job almost from infancy. Kessler was certainly an able and knowledgeable oil man; small and frail and thin-faced, he knew the ropes and had assisted in many of Sir Henri's campaigns for price stabilization, control of production and so on. He was certainly not Deterding's peer in the matter of drive and megalomaniacal determination.

Kessler was passed over. Deterding's successor was a jut-jawed ex-Army officer and flying enthusiast, the formidable J. E. F. de Kok. He would be the head man of a trilogy, the other two members of which were to be J. M. de Booy and Dr. J. C. van Panthaléon Baron van Eck. Their status would be that of managers.

It was rumored (the French agency La Tendance, for example, reported it) that it was Sir Henri himself who had got de Kok preference over Kessler.

Had there been any differences of opinion on the Royal Dutch board? Notoriously many of Sir Henri's colleagues think him somewhat too temperamental, too much an adventurer and over-fond of speculation. It is a fact that he has been greatly criticized in Dutch and British business circles on this account. Many of his associates, too, deplore his habit of tampering more or less openly in politics, his insistent atacks on the U.S.S.R. and above all his increasing rabid enthusiasm for the Nazi regime in Germany, a regime which neither England nor Holland could watch grow with equanimity. Thirdly, his private troubles had apparently shocked certain sections of

Dutch society, which refused to be mollified by his periodical gifts of Old Masters to Dutch galleries.

De Kok, who thus became the head of the most important oil company in the world, was a man little known to the public, though he had been marked for his zeal and energy and drive in the oil business for some years. Tall, clean-shaven, with penetrating eyes and an aggressive chin, he looked what he was, a fighter of the Deterding brand. Fifty-four years old at this stage, he was born at Maestricht and had been trained for the army at the Royal Military Academy at Breda. For some years, his service had kept him in the East. Later he had returned to Holland, where, studying chemistry at the Polytechnic School at Delft, he had graduated after four years' study. He joined the Royal Dutch as a technician in 1908, and by 1921 had risen to the Board of Commissaries. Hard-working, direct, efficient, he had always worked principally at the Hague, and unlike Sir Henri, he intended continuing to work there rather than in London. He is of course a director of many of the Royal Dutch subsidiary and associated companies, and has traveled a good deal, particularly in the Dutch East Indies.

His particular forte is the production side. Intensely interested in aviation, his accession to a position of such remarkable influence is expected to result in even greater relative successes for the Dutch air lines, particularly the Royal Dutch Air Lines, of which he is a director. This concern, which flies Douglas machines regularly out to Batavia and beyond, is one of the most efficient and enterprising civil aviation concerns in the world, and is a perennial threat to the privileged position of the British Imperial Airways, a subsidized semi-official concern whose lack of enterprise and comparative inefficiency are notorious, and the subject of periodical scandals in Great Britain. A Royal Dutch Douglas machine came in a very good second to the specially built racing "Comet" flown by Scott and Black in the London-Melbourne centenary race, and many people believe that, if given the opportunity, Royal Dutch could take nearly all Imperial Airways' business. De Kok's

accession to the throne, therefore, may have extremely interesting repercussions in this sphere. He is a former President of the Royal Netherlands Aviation Association, and flies his own machine.

De Booy and van Eck are men who, it will be noticed, did not figure on the Board of Royal Dutch Commissaries which signed the company's annual report in 1936. But each has a formidable record of competent and valuable service to the company.

De Booy, a tight-lipped lawyer who has spent years in the Dutch Navy, is the company's General Attorney. Born in 1885 and educated to be a naval officer, he served for fifteen years at sea. Then he joined Deterding. He has spent many years learning the secrets of the company's affairs and protecting its interests in the Hague, in Roumania, and from 1927 to 1932 in Venezuela as General Manager. Since 1932 he has assisted in the management at the Hague. M. de Booy knows his way around. Likewise the Baron van Eck, large, massive, bald and moon-faced. The Baron's lifetime has been spent with the Royal Dutch. He did not learn his steps in the Army, the Navy or a bank. Born in 1880, he went almost straight from school into the service of the Royal Dutch, then small enough, and he has been in on every stage of its phenomenal expansion. He worked his way through the offices in the Hague and London. He became Sir Henri's secretary, a useful position for any ambitious oil man to hold. He was appointed President of the Shell Oil company in California, then vice-President of the Shell Union Oil Corporation, then its President, and finally Vice-Chairman of the Board of Directors of the Shell Union.

Just at the time these changes were being made the usually peaceful country of Spain was racked by the bloodiest and most beastly Civil War of modern times. Fascism, subsidized and directed by Germany and Italy, strove to smash the democrat ically elected government of Madrid.

The sympathies of Sir Henri Deterding were of course with General Franco, the Fascist disciplinarian who believed in all

the things that he too believed in. In his various statements made in connection with the agricultural assistance to the Nazis, Sir Henri declared his open affection for the Nationalists, as he naturally might be expected to do. Since then the oil trusts have made things easier for the rebels. There are many ways, direct and indirect, of doing this. Most of them turn on Portugal, whose long land frontier on Spain has seen many interesting things during the last two years. Portugal has a long coast line, excellent ports, a corrupt and insanely reactionary ruling class and a mincing, bigoted, ruthless, jesuitical Catholic dictator in Salazar. The Spanish Government has not openly charged the Royal Dutch-Shell with assisting Franco openly, whether with large oil supplies or with loans and subsidies, but many other people have not hesitated to do so. Hugh Dalton, British Labor leader, referred indignantly in the House of Commons to the persistent rumors that the Royal Dutch had granted Franco a very large credit, on terms the nature of which could easily be imagined. Immediately afterwards the *Times* published a very carefully worded statement in which it agreed that if the rumor were correct the Royal Dutch had gone well outside its rights, and stated that it had made a point of inquiring very fully into the situation and was satisfied that no loan, either direct or indirect, had been made. In spite of which there were obviously many methods by which financial and other assistance could be offered to Franco by any company anxious to see him victorious—loans by individuals, verbal agreements, skilful use of Portugal, and so on.

The oil industry, like every other large-scale industry, wanted to see Franco win. Apart from the gain such a victory would be for the capitalist system generally in Europe, Franco, like all good Fascist patriots, would undoubtedly hand out at any rate a few glorious monopolistic concessions to foreign enterprises, either to exploit Spanish materials and labor or to bleed the country through the monopoly of some foreign product, e.g., petrol, for which a demand existed. Franco could be made to behave, even if Primo de Rivera had been naughty.

Who speaks for the oil industry? Surely the proprietor of by

far the leading group of trade journals functioning in the business may be held to know what the biggest vested interests want to see done.

In its issue of October 31st, 1936, the London *Petroleum Times* carried an article entitled "Spain's Future and the Oil Monopoly," by Russell Palmer. The *Petroleum Times,* a weekly which gives useful oil news, then reminded its readers that Mr. Palmer was the proprietor of a number of oil journals, that he had previously written in the *Petroleum Times* and that he had lived in Spain. In a different issue, reporting in its personal items the arrival in London of Mr. Palmer, it gave the information that Mr. Palmer was a part-owner of the *Petroleum Times,* as well as the owner of the famous monthly bible of the trade, the beautifully produced *World Petroleum* of New York. The two periodicals are published in conjunction with one another, and the editorial offices of the *Petroleum Times* and the London office of *World Petroleum* adjoin one another in the basement of Shell-Mex House.

Palmer, a hefty, bearded gent who looks like an explorer or big-game hunter, made no bones of his views on the Spanish situation. Speaking of the Civil War, he said, ". . . Time may prove that it has been a blessing to Spain, a boon to the balance of Europe, and a protection to the United States, because it will probably break the back of the world Communist movement.

"Russia's responsibility for the more brutal phases of the Spanish war is direct and inescapable. . . . Perhaps it may prove equally true that the extinction of this destructive flame in the West may cause it to burn less brilliantly in the East.

"All credit to Germany and Italy for realizing early the vital principles at stake, and shame to those other nations who were able to stomach a senseless slaughter of non-combatants when the blood lusts of class hatred masqueraded as reprisals. . . ." Mr. Palmer then says that Franco should, once he is in power, institute reforms and liquidate pernicious government monopolies. "By liquidating 'Campsa' and throwing the Spanish oil market open to the nations of the world on equal terms,

the new government can confer a great blessing on the Spanish people, and at the same time create a favorable impression abroad. . . . [This] would go far to build up the sort of international confidence which is a necessary prerequisite to the external loans needed to build up the New Spain."

That's plain speaking. It is the mouthpiece of oil capitalism speaking. Oil capitalism still dreams of the day when the "destructive" flame of Communism, extinguished in Western Europe, may in due course "burn less brilliantly in the East." Oil capitalism is the naked, armed, skilled, facile experienced advanced guard of capitalism generally. It is oil capitalism which comes most nearly to realizing in our time the Fascist heaven on earth. When Deterding, the most outspoken, the most tireless and the most powerful of all these militant would-be architects of the permanent system of privilege, profit and plunder, cries in half the newspapers of Europe that Communism must be smashed before there can be peace, he speaks for savage, panicky capitalism in its most highly organized and fiercely pugnacious mood. When Deterding, by general consent the outstanding figure in the industry that, for the moment, controls the destinies of nations and the chances of life for tens of millions, says he is sure that he will get the Russian oilfields back, he does not speak without good reason.

"Discipline," "order," "free enterprise," "honest trading," "no stupidly unnecessary competition"—what do they all mean except the oligarchy of capital through control of oil? Elsewhere in this book, in earlier and in later pages, the open boasts of those who are in the know are printed—the boasts that governments can be removed by oil interests, that wars can, "if it be wished," be stopped by the action of the oil trusts. The oil industry could have stopped the bloody Abyssinian war "if it wished"; the oil industry could have stopped the bloody Spanish War, "if it wished"; the oil industry could have stopped the bloody Chinese war, "if it wished."

The oil companies have not yet stopped any war. The oil companies are interested in establishing over all the world their own particular brand of "socialism," and all these wars fit

beautifully into the campaign. The particular brand of "socialism" is known as Fascism. It means discipline for the young; secure and steady profits for those who hold shares in companies; such rights for workers as their betters see fit to give them; no rights at all for women, only such boons as, by virtue of sex appeal or charm, they can extract from their natural superiors, the males, of their charity (this is the return to chivalry); chauvinistic nationalism for peoples but a complete and unhindered internationalism for liquid capital; "spiritual rebirth," meaning gradually decreasing material standards, for the ordinary man; propaganda, lies, rubbish and bushwa for the arts; posturing clowns and iron-jawed morons as our rulers; compulsory castor-oil, torture, forced labor and death for those who don't concur. That is why the oil trusts don't stop wars of aggressive Fascism.

XXII

MEN whose influence in the world is largely bad are often extremely amiable and happy and likable in their private relations, and this fact is sometimes quite irrelevantly brought up as an argument for not criticizing their political or business activities. The company head who will not tolerate trade unions, who throws off men in thousands when a slump arises, who uses shoddy material on important public works, may be a Bible-mouthing model pappy at home, romping with golden-haired children; chivalrously giving his wife the best of everything; loving dogs and inquiring benevolently into the private lives of his servants.

Sir Henri Deterding is in many ways typical of the hearty, energetic, industrial magnate who slogs at work and drives himself hard and systematically at home. His private life is not the subject of this book, but it is right and relevant that a brief study of his habits and enthusiasms should be made, and a short account given of the events of his domestic life.

Deterding has been married three times. His first wife, a Dutch lady by whom he had two sons and a daughter, appears to have had practically no influence on his career and business, and figures only very faintly in his memoirs and in writings about him. Sir Henri does, however, give her the credit for having once saved his life; the story provides excellent material for speculation, one of those interesting if futile "ifs" of history. Sir Henri was due to sail from England to the Hook of Holland on the steamer "Berlin," one stormy night of February, 1907. He had actually sent along his luggage to the station, and was just about to set off when his wife telephoned him. She begged him not to go. She simply had an instinctive

feeling that something dreadful would happen if he traveled on that boat. Although Sir Henri tells us he pooh-poohed this hunch, yet he finally gave in to her and agreed to wait until the next day. That night the "Berlin" sailed, was wrecked off the Hook and lost 126 lives. The oil magnate was spared to mankind.

Sir Henri's second wife has already figured in this book. A dark and youthful White Russian, the daughter of a White General, Paul Koudoyaroff, she met Deterding in émigré circles in Paris at a time when he was especially interested in some of the people moving in that milieu. She was in her late twenties then, and he fell in love with her at once. She had been married before, her previous married name being Bagratouni. They were married late in 1924 at the Princes Row Registry Office, near Buckingham Palace. Whether or not the story is true that Sir Henri fell in love with her golden voice, which he heard in a Russian church choir, the two joined forces at just a time when Sir Henri was launching his first more or less open campaign against the Soviet Government then ruling his wife's country of birth. The influence of the second Lady Deterding in intensifying Sir Henri's fanatical and relentless enmity towards the U.S.S.R. can be exaggerated, for it was his business interests, driving him remorselessly, that determined his activities in the largest degree; but his marriage was not without importance, entering into the situation at the moment it did.

It lasted for twelve years, and there were two daughters. For some time it was happy and successful, but for the last few years it notoriously was not. The two got on one another's nerves. The tremendous task to which these oddly assorted personalities had sworn themselves—the bringing back of Russia into the circle of capitalist nations—showed no signs of coming to fruition. On the contrary, the U.S.S.R. grew stronger and steadier, surer of its place in the world and its destiny as the forerunner of other great socialist countries. Millions of people not naturally sympathetic to socialist ideas admired and praised the achievements of the regime. Thou-

sands of White Russians, in Berlin, in Bulgaria, in the Baltic States, in Paris, Harbin, Shanghai and Warsaw, longed for Russia, and began to think even Soviet Russia wouldn't be so bad. Some of them said so. The United Front was weakening. Scores openly begged the Soviet Government to let them return, on promises of good behavior. Others took to swelling their chests with pride when they heard non-Russians praising the industrial and cultural achievements of the U.S.S.R., as if *they* had had something to do with it.

Sir Henri and his wife gave out any amount of money and backed many movements to galvanize Europe into a steel ring closing in on the Bolsheviks. But the innate jealousies and mutual conflicts and warring factions of rival imperialisms prevented any such plan from taking a final and effective militant shape. Germany was not interested in the destruction of the U.S.S.R. if it were to strengthen the British Empire; France did not want it if it meant a renewal of German dominance in Europe—and so on through the list of all the possible backers of an anti-Soviet plan.

At their magnificent country home near Ascot, Buckhurst Park, and at their villa at St. Moritz in Switzerland, Sir Henri and Lady Deterding would regularly meet these cosmopolitan friends and business acquaintances. They rode to hounds and indulged in winter sports, and time passed.

In the summer of 1936 Lady Deterding sued Sir Henri for divorce on the grounds of his misconduct with an unnamed woman. The case was heard in Holland and was undefended. Very few details were made public. The only matters over which there remained much doubt were the details of the settlements. Lady Deterding received her divorce, and thousands of shocked Dutch bourgeoisie, large and small, noted the affair with stern and prim disapproval. Almost at once Sir Henri's way of life changed radically. With the dissolution of this marriage his association with Great Britain began to loosen up; it was arranged that his former wife should have Buckhurst Park as her residence, while he retained the Park Lane flat they had kept up for many years. Already Sir Henri was the

owner of large estates in Mecklenburg in Germany, and he also contemplated opening a home near Berlin.

At this time Sir Henri began to make gifts of valuable Old Masters to Dutch galleries. Once before he had donated four pictures of value. These pictures had come from Buckhurst Park. Now he gave no less than twenty more, all from Buckhurst Park, pictures of the Dutch, Italian and French schools. Since Sir Henri was no longer going to live with the pictures, the gifts were less touching than they might otherwise have been, and it was doubly noticeable that these gifts, which received a good deal of favorable publicity in the Conservative Dutch press, were made at precisely the moment when Sir Henri's personal prestige, thanks to the divorce scandal, stood rather low in the haughty and virtuous circles of middle class Dutch life.

About this time, too, Sir Henri purchased an estate in Holland itself, at Wassenaar, near the Hague. He did not remain a single man for long; within a few weeks of the divorce Sir Henri startled the world by marrying Fraulein Charlotte Minna Knaack, his thirty-eight-year-old German secretary and adviser. The third Lady Deterding, a buxom and competent business woman upon whom Sir Henri had come to rely in many matters, had worked for him for some time, and it is believed that his decision to buy lands in Germany and to support the Nazis more intensively than ever was inspired by her. The two were married in Amsterdam. The ceremony took place at the Town Hall and was performed by the Burgomaster himself, Dr. de Vlugt. Everything was done speedily and in secret. The law of Holland demands that the banns he published a fortnight in advance, but this rule was not observed on the occasion of Deterding's marriage. The happy couple made a quick getaway, being recognized by only a very few people, and flew to Berlin on a visit that was "purely private." Just how private Sir Henri's actions in Germany, or indeed anywhere else, ever are the reader may decide for himself. They lived for a time just outside Berlin, near the Wannsee, around which so many of the rich of Germany have for genera-

tions had their villas and estates. Meanwhile, his agents were preparing the Mecklenburg estates for a tenant who would stay for some time. London rarely saw Sir Henri except for very short stays.

We have said a good deal about Sir Henri and his political and financial activities, for it is his public career which is of most concern to the ordinary man. But what sort of a man is he in private life? What are the things he does or likes to do when he relaxes and tries to forget that he is Sir Henri Deterding? What are the hobbies and sports he might be expected to turn to if his retirement were anything more than a retirement in name only?

We must complete our picture of a man whose actions have so fundamentally affected the course of world events; everything he thinks and likes and believes in has played its part in making him what he is, in conditioning his attitude towards the world he was born into and the problems he was faced with. Sir Henri Deterding's private life cannot, by any brand of sophistical reasoning, be held to be a matter of indifference to the ordinary worker. The lives, the ways of life, of all such men as he deserve careful, pertinacious observation.

In appearance Sir Henri is short, massive, powerful. His head is high and propped by a thick, ruddy neck. It is what the anthropologists call a brachycephalic skull. He has that slightly over-stuffed, near apoplectic air which the more radical caricaturists give their bloated capitalists. Indeed Sir Henri might offer himself to any of the acid wits of the Soviet press or of the *New Masses* as a model. He looks a good deal like a caricature of the capitalist type.

His enemies would, and do, describe his face as red and over-fed. His friends would, and do, call it a healthily tanned face through which a luxuriant ruddiness shines. Sir Henri has very dark eyes, as near black in the pupils as eyes are; they are lively, eloquent eyes. He has a close-cropped head of white hair, though the top is bald, and a white mustache. He has a large, masterful mouth, and good white teeth. He speaks

English with a slight accent, though he has probably spoken more English than Dutch in the course of his life.

His manner is animated, temperamental, restless; he is moody and gets excited quite easily. He is a man who reacts positively to most forms of outside stimulation. The criterion by which he tests every issue brought to his attention is nothing more complex than the question: What suits my interests best at this particular moment? What suits Sir Henri's interests best at that particular moment is, or becomes by a rapid and pervasive process of sub-conscious rationalization, what is morally and ethically right and desirable. No other consideration has any chance against that decisive factor.

To friends and sympathizers Sir Henri seems colorful, impressive and delightful. The man is so obviously alive, so young in spirit, so single-minded in purpose and over-ridingly direct in method. He is a compact, three-dimensional, dynamic little he-man, a go-getter who has gone, got and come home to roost. His conversation is so simple, so confident, so organically cohesive that, to the unsophisticated, the ambitious, the ignorant, the specious, the corruptible and the mentally atrophied he must be the most impressive thing in all the world. The wonderful little pep talks based on forty years of uniquely successful smash-and-grab capitalist competition; the breezy air of cosmopolitan worldliness; the multi-lingual gifts, the battery of telephones and worthy company of secretaries; the rapid, rather mysterious lightning trips and flights from capital to oilfield, from competitor to statesman; the intriguing visitors with guttural accents, fur-collared overcoats and properly bulging despatch cases; the staggering pyramid of subsidiary and associated companies, covering every phase of oil production, distribution and sale in every continent; the mighty fleet of conquering tankers; the imposing office premises dominating half the cities they stand in—all these trappings and suitings are enough to take in and to bemuse all but the most independent observers.

His manner is hearty and friendly—if you are on his side. That "strong mixture of self-confidence and receptive good

humor" of which Anthony Praga has spoken is confirmed by another interviewer, Kees van Hoek, who writes of an interesting talk he had with Sir Henri: "Sir Henri had risen from his chair behind the great desk; the last quarter of an hour he had walked up and down the room, only stopping now and then to emphasize a word. He was more lively than ever, every word was underlined by a glance or gesture. There is no affectation in this man. His clear eyes give expression to all the feelings he utters."

To those who do not like him quite so well, he appears overbearing, irrational, unsure of himself and over-anxious to have you believe his account of things. He is an ardent advocate of his own cause. He can become almost wheedling, and he can threaten. The expression on his face when he meets opposition or intelligent criticism is not that of an amiable lover of good-fellowship; rather it is that of a ruthless and angry careerist who has met an unexpected and unwelcome obstacle.

The main bulwark of his power for many years has been the elaborate and extensive Asiatic Petroleum Company offices in St. Helen's Court, off Bishopgate in the heart of the City of London. Here, surrounded by two thousand employees, big and small, he directed the world-wide forces scattered across every continent and ocean in his struggle for domination of transport and industry through oil.

In his office he received reports daily from every important outpost, reports of production, movements of tankers, price fluctuations, rivals' activities, stock market movements, political rumors and tendencies. Here he sat behind the legendary wide curved desk in a bare, bright, modern room. Behind him hung a fine old Dutch painting, showing great galleons afloat on a river. The ship in the foreground carried the "orange, white and blue" of Holland as well as the emblem of London.

The room is plain and comfortable, well-lit and modern. On one end of the desk there is a battery of telephones, and when Sir Henri assures us facetiously that there are no secret phones, we believe him. He should not need any more.

The room is on a high floor, but is in no way isolated from

the ordinary offices in the building. Sir Henri claims to be the most accessible man in the building, willing always to see any employee and hear his ideas or complaints.

Deterding has always, in his public statements, proclaimed that the welfare of his employees is the first and chiefest of his concerns, coming even before profits. There is no reason to suggest that he has any ulterior motive in this. Many of his speeches and remarks in interviews in which he has spoken with sentimental affection of his staff have the mark of sincerity. Thus, recently, Sir Henri had the notion of sending five hundred of the employees of the Asiatic Petroleum Company and the Anglo-Saxon Petroleum Company on holidays in Europe, with their wives. Engle, secretary and prime mystery man of the former company, explained to the press that the scheme was not an official one proposed by the companies but was purely Sir Henri's own personal idea. He would pay their expenses in full, and, provided they could convince him that they really wished to go and would benefit from such an extension of the trip, he would send them as far as Constantinople. Mr. Engle added that it was unlikely that any would be encouraged to visit the U.S.S.R.

When the travelers returned to London, Sir Henri proudly invited the press to an exhibition of photography, the result of the tours. He affirmed his belief that a great new movement for world peace would emerge from such good-will visits as this.

Sir Henri pays pretty good salaries, and can bring out most of the conventional chatter about the friendly relations which should exist between employer and employee and the greater opportunities resulting from the increasing size of the units operating in big industries. "Speaking for myself, I expect every man in our employ to work *with* me rather than *for* me, remembering that in his own niche he is, as I said earlier on in these pages, just as much a member of our great business family as I am myself." It is *not* suggested, however, that the equality stretches as far as having a voice in making the basic decisions on which the workings and policy of the company depend.

In Holland he has set up a scheme by which young Dutchmen, "Deterdingers," as they are called, are sent out to the Dutch East Indies to study the lie of the land there, to become equipped for commercial careers and "to realize Holland's responsibility to her colonies." This project receives very favorable comment in the Dutch Conservative press.

Deterding has said: "If I am to be remembered for any achievement by succeeding generations, I would rather that it were for my pioneer work in establishing this Provident Fund than for anything else." The Fund he refers to is one which he set up, more than twenty years ago, to embrace all the companies in the trust. This Fund, he claims, ensures "as ample provision as can reasonably be expected for any employee with whose services we have been regretfully obliged to dispense until the coming of better times." The employee, as Sir Henri observes, need not feel as if he is the object of pity and charity, since he is receiving merely what is his right—i.e., the result of the investment "to the best possible advantage" of a compulsorily deducted ten per cent of his own salary during his years of employment, plus a ten per cent paid into that fund during the same time by the particular company he has worked for. If the worker dies while working for the company, the money goes to his dependents. "Only think of it," cries Sir Henri, in a burst of quite lyrical appreciation of his own ingenuity, "twenty per cent of his earnings during the whole time he has been with us, and substantially increased by accumulated interest through judicious investment!"

After that it would be churlish, surely, for any one to say obstinately that he'd prefer a pension. Sir Henri contends that his scheme is the most comprehensive in existence for safeguarding the interests of many employees, and it swells his bosom with paternal pride to tell you that in 1933 the Fund held nearly £33,000,000 in securities entirely unconnected with any company the Royal Dutch-Shell is interested in. He is pleased to see that many other companies and corporations have copied the idea, and thinks still more should, if they want to avoid heartaches.

Why are Sir Henri's former employees not paid a pension? "I dislike pensions, first, because I hold that no company is justified in incurring liabilities, not definitely terminable, even for its employees. Secondly—this from the employees' standpoint—when a pensioner dies, it too often happens that his wife and children are left badly off through the cessation of the pension."

Sir Henri is a hard worker. Before his partial retirement he spent a good deal of time abroad, and in travels from one financial center to another, from one capital to another. Even when in England, he used to do those parts of his work that could be done at home at the first country house he took, the one at Holt, Norfolk—later handed over to his eldest son—and at his new place, the palatial Buckhurst Park, Ascot.

His home life was a vigorous, out-of-door affair. Sir Henri regarded his work as overwhelmingly the most important thing in his life. "I believe," he said once, "that many people like myself take a sporting interest in their work. They read romance into the dullest contract." Sir Henri never looked on his diversions and his hobbies and home occupations as anything more than a means of keeping fit and well for the important things of life—the building up of his business interests into even greater and more extensive combinations.

Most of his holidays have been spent, and still are, in spite of his divorce from his second wife, at St. Moritz. Here Sir Henri and the second Lady Deterding used regularly to spend some weeks of every year. Their own home there, the Villa Olga, about the best-known private residence in the Swiss town, was the scene of what are known as "amusing parties." Energetic cameramen collected endless pictures of the happy pair—Sir Henri in rough tweeds, a soft collar, occasionally a modish fur cap in the Russian style, Lady Deterding in the correct winter sports attire—frolicking with their two little girls, Olga and Lydia, chatting with friends, skating and skiing, playing cards and swapping stories in the evenings. Most of the available photographs show a man in excellent health who knows how to enjoy physical exertion.

Indeed, Sir Henri has made a systematic study of physical fitness since youth. Once off the pet subjects of gold, finance and the Bolsheviks, he usually drifts onto health and keeping in good trim. At any rate, he has lived well up to his own precepts. He was well able to. Most of his expansively amiable discourses on sport, diet and the planning of one's life leave out of consideration the plain fact that, for the ordinary man, the course he advocates is not practicable for simple financial reasons.

Every morning at Ascot Sir Henri used to take a cold plunge and a swim in his private bathing pool, an elaborate and spacious affair surrounded by pillars and trellis work. If necessary, the valet would break the ice for him first, so tough was Sir Henri. But he definitely doesn't think that everyone should take a cold bath in the morning. Oh no—it is only for a certain kind of quick-acting skin which Sir Henri happens to have. The other kind, he thinks, shouldn't take cold baths on any account whatsoever.

As for sleep, Sir Henri himself likes about eight hours, but he doesn't think it's the same for everyone, and believes one should be able to go to bed at any time and vary the amounts of sleep. He doesn't take health rules too seriously, and is not a calory addict or a vitamin fiend. The mind should rule the body, he thinks, but not conscript it.

A typical working day in Sir Henri's life follows something after this pattern. Get up at any time after having had eight hours' sleep. Then shave, then swim in the pool, wearing only shorts. After this, run briskly round the pool, two or three hundred yards in all, and then ride a white horse for about three-quarters of an hour (Sir Henri gave up hunting about ten years ago, after a severe fall).

Then comes breakfast, and it consists of stewed fish, fruit and a cup of coffee. For his lunch he has boiled fish and green vegetables. He has no tea. For dinner, he takes a little soup, more boiled fish, more green vegetables and occasionally chicken. He has nothing else to eat, and he goes to bed whenever he can manage it, rarely the same time two nights run-

ning. His average day's work is about nine hours, occasionally more. No matter how late he gets to bed, he never misses a good sleep, his swim, his run and his ride. "My body demands these things, and I give it what it asks for."

Sir Henri thinks weight important, and believes that no man of over forty should be without a weighing machine. He thinks it is better to weigh a little too much than too little, as it gives a man a reserve in case of illness. He weighs himself at least twice a week.

Athletics, in Sir Henri's view, should not be undertaken merely out of bravado. Endurance tests, record breaking efforts of every kind, he thinks serve no useful purpose. Of all exercises, he favors the simple, primitive ones, and puts walking first. It is "the healthiest sport, and costs nothing. Throw off your overcoat. It only hampers your movements, and merely preserves such heat as your body already possesses. It adds nothing."

Deterding thinks most young people of today "hide their brightness under a bushel." He is glad his two sons are good athletes. He speaks of them as "lads," although one is past forty. The elder rides in steeplechases, while the younger is known as one of the best golfers in the county of Norfolk, and has played tennis for the county. He was captain of the gym team at school, later became a champion swimmer and diver, and got a "double blue" at Cambridge, something of a feat—representing the University both in polo and in boxing. Sport is very much encouraged in the Royal Dutch-Shell, all the firm's employees being given every incentive to take up some game energetically and fullbloodedly. This policy has been followed conscientiously in Britain for generations, with the beneficial result, for the employing class, that workers both with hand and brain are far more concerned about the outcome of some forthcoming contest in football, cricket, hockey, boxing or tennis than in the daily economic questions which condition their lives.

Sir Henri likes brightness in a young man, and when one is recommended to him, asks: "Is he bright?" But what does Sir

Henri mean by bright? He doesn't like too much addiction to theoretical thought, and he doesn't want brightness to take the form of questioning the fundamental motives and aspirations which underly the world in which he himself has done so well. Sir Henri can scarcely escape the assumption that he is a remarkable and substantial man of his time, since, like so many big business men, he will not for a moment admit flaws in the basic organization of the world to which he belongs; and it is perfectly apparent that he is one of the most spectacular successes of that world.

Sir Henri's idea of a bright young man, a perfect employee, is one who admires tremendously the Royal Dutch-Shell and the methods and motives by which it has become what it is, who works devilishly hard for it, answers brightly to questions, and in a strictly orthodox manner dashes about after a ball or in running shorts for most of his leisure time, proclaims promotion to be his dominant aim in life, and doesn't by any chance waste his time talking or thinking of democracy or, far worse, socialism.

Sir Henri's attitude towards his sons comes out quite en passant in his writings; young men who have attained their majority and should be allowed to decide for themselves what they want to do with their lives he still regards as his personal chattels, to be commanded to do as he sees fit. Both his sons began life in their father's organization, and, after being duly warned beforehand, made a point of punctuality and hard work. But neither liked the work particularly, and in due course each became a farmer. Sir Henri assures us that they make a profit of it.

Sir Henri's account of the talk between his eldest son and himself over the question of leaving the oil trade for the land is illuminating. His son told him he wanted to succeed off his own bat, to build up something of his own. "Even if, after a long training, I should be capable of the job of looking after your business interests when you are gone, I would have to take on the burden of those interests ready-made, without the

incentive of that enormous pleasure which has been yours in building them up."

After this flattering speech, Sir Henri could hardly oppose it. "So, sympathizing with this view, I let him have his way."

It is not merely towards his sons that Sir Henri takes this dictatorial and imperious attitude. It is his considered policy. He will allow other young people to be "bright," but their brightness is to manifest itself not in original ideas but in the energy and dispatch with which they carry out the ideas, or lack of ideas, handed on to them by their superiors.

"If I were dictator of the world—and please, Mr. Printer, set this in larger type—I WOULD SHOOT ALL IDLERS AT SIGHT."

But what would Sir Henri's definition of an idler be? Anyone, by chance, who is not bright in his particular way? Anyone who dislikes big business domination of the world, anyone who broods and works out alternative forms of government, anyone who is unrealistic enough to expect that religious and ethical principles proclaimed by powerful men should be acted on in everyday practice and not merely kept in cold storage; any Liberal, Freethinker, Socialist, Communist, Anarchist, perhaps? Up to now, Sir Henri has not given his definition of an idler.

Sir Henri, has, however, frankly proclaimed his belief that something should be done to "discipline" youth in Western Europe lest it become infatuated by impracticable and dangerous doctrines emanating from the U.S.S.R. "The same dangers (of Communist leanings) are already threatening our Western countries," he told a recent interviewer. "The increasing independence of youth is, by their total disregard of respect, leading to dissipation. I see the evil taking root in England as well as elsewhere. I don't mean to say that independence is wholly bad; it has its good side, springing from a sense of growing energy which, however, can only be of value if properly disciplined." This was said with "passionate earnestness," indeed with scarcely controlled temper.

Who then, is to supply this discipline, and how is it to be

done? Well, Sir Henri has the greatest admiration for the first and floweriest of the Fascist dictators, Benito Mussolini of Italy. He classes Mussolini among those higher simpletons for whom he has so much admiration—men to whom certain truths come as "by instinct." Mussolini, "regard him as you may, has shown a driving force almost unparalleled in running a country." The two men got on well together. "My talk with Mussolini proved that there were several points on which we saw eye to eye. We both agreed that the coping stone of Education is a sense of discipline and respect for prestige, lacking which no youth can be considered to have been properly educated at all." As father to father, the two agreed on many points regarding education and "Mussolini showed that he had thought deeply . . . he seemed so direct. One felt that, if faced with a difficulty, he would get out his sledge-hammer and strike straight at its root."

The chat with the Pope which followed shortly afterwards appeared to follow broadly similar lines. This question of education seemed to boil down, as many men have always said that in fact "education" under capitalist conditions always does, to inculcating in the young that "sense of discipline" ("lacking which no youth can be considered to have been properly educated at all") and that respect for the prestige of those who, by whatever methods, have succeeded in getting control of effective power in this modern world.

Inevitably Sir Henri has had his say about democracy. Frankly he doesn't think much of it. To bring back a sick world to health and prosperity is a problem for which Sir Henri has offered many cures, most of them as keenly ridiculed by orthodox economists as by the unbelieving radicals. "Some people," he admits, "say that 'we must leave it to Democracy' to clear up the mess. But that largely depends on what they mean by 'Democracy.' Personally, I doubt whether this so-called 'Democracy,' as conjured up in the public mind of most countries, stands for much more than a lazy man's Elysium.

"My own working experience has taught me that about only five per cent of people want to be saddled with responsibility.

I don't say that the remaining ninety-five per cent object to working in moderation, but each one seeks to make his own individual burden as light as possible, and when it comes to undertaking a really responsible task, in which hard thinking is involved, he prefers that to be given to somebody else—and is perfectly happy to be led by a strong man. If this vast unthinking mass, then, means 'Democracy,' and it should eventually take control as a definitely political unit, with the usual political exploiters to lead it, I believe that the consequence would be worse than any we have yet known."

Sir Henri, like so many big business men today, thinks we need to go back to government by Aristocracy, by a small class chosen for qualities satisfying to the business men whose interests may be perpetuated or at any rate prolonged by such a form and method of rule. The masses are not to be trusted. They can have playing fields and leadership, while the five per cent which is willing (only too willing) to "take on responsibility" run the country. Mussolini has shown driving power, and Sir Henri sees eye to eye with him on many things. The important thing is to inculcate that "respect for prestige."

XXIII

THE attitude towards him of the ordinary man is of the utmost importance to a prominent man like Sir Henri Deterding, engaged as he is in activities which affect the lives of millions and which at times involve extremely controversial political moves. For that reason, Sir Henri, in common with most of his type, endeavors to project to the public a certain impression of himself, and takes some trouble to make a statement or get an interview published at moments when some other action of his is getting unfavorable or critical comment.

In his own country, Sir Henri is a national figure, known by name and reputation to almost every Dutch subject, man, woman or child. There is a certain degree of freedom of speech in Holland, with the result that Sir Henri's compatriots are divided fairly decisively into two groups, separated on a basis of their general political and economic outlook. To the average Dutch working man, seaman, bargee or factory hand, he is a big capitalist, unscrupulous, grasping, dangerous and dictatorial. They dislike him in proportion to their political education. The Marxist-trained revolutionaries regard him, as do their fellows everywhere, as one of the outstanding inspirers and organizers of world reaction and advancing Fascism. The rest, more vaguely, know that they can't swallow all they hear regarding his sportmanship, love of his staff, good humor and generosity; it doesn't make sense to them, because they know what big bosses are like in actual practice. In Holland it is not uncommon to see "Death to Deterding" chalked up on walls, in streets, garages, on public and business buildings. The Dutch working class feels it has something of a responsibility in the matter of this personality it has thrown up.

The average Dutch middle-class man and woman, on the other hand, is well fed with favorable news paragraphs, interviews on this and that, holiday and early morning snapshots, dissertations on pressing economic questions and gossip and magazine material calculated to hold Sir Henri up to the young Dutchman as a glorious example of what hard work, good exercise and a sound individualist outlook can do for a poor boy.

In other countries of the continent, Deterding is less well known and, so far as he is well known, he is not liked or admired. Before the Nazis took power in Germany, since when no serious criticism of big business men is permitted to appear, he was a fairly well-known international celebrity, consistently attacked and exposed by the Left-wing press—now non-existent except for underground sheets and some émigré publications—and in speeches and occasional books on the same side. The nature of his activities in Europe was well known, and his connections with reactionary groups and intrigues, such as the Hoffmann-Rechberg plan, were known and criticized. In several of the smaller European states, too, such as Czechoslovakia and Austria, the name Deterding meant something to the ordinary man. He was generally recognized as a man typical of the new militantly Fascist capitalist system, an organizer of reaction and a systematic and untiring subsidizer of politicians who were not the friends of the people or seekers after peace. In countries like Roumania, Greece and Jugoslavia, he would meet with considerably less opposition and criticism than in the more "advanced" and industrialized countries of Central Europe. When fairly large communities of urban workers lived together, information circulated and there was a general awareness of what Deterding and men of his stamp stood for and might bring upon them and their families. In the predominantly agricultural countries, run by reactionary aristocrats and generals, Sir Henri could contact his friends at the top and get what he wanted with very much less trouble and almost no critical comment.

In France, Deterding has been, since the Armistice, a national

topic. Almost every living Frenchman could tell you something about him. It might not always be accurate, and often the judgment on him would be unfair; but the French have never had any impression of Sir Henri other than that he is one of the great actuating forces of modern life, a man of such widespread and diversified business and financial and other resources that he can, if he cares to, influence a particular political or economic situation drastically. The persistent, energetic and astute French journalists are continually criticizing and attacking him, blaming him for setbacks suffered by France and for anti-democratic drifts up and down Europe. He has been fiercely caricatured and violently libeled. The French press, needless to say, usually refers to him as "Sir Deterding."

Among the most successful collectors and re-distributors of material calculated to embarrass Sir Henri have been Francis Delaisi, Antoine Zischka, R. Mennevée, Camille Aymard, and the late Xavier de Hautecloque, indefatigable enemy of British Imperialism and the British Intelligence Service, of whose activities he, like some other French writers, knew and wrote a very great deal. Delaisi's various writings in Liberal magazines, as well as books dealing wholly or partially with the politics of the oil industry, Aymard's book on oil, Espagnol de la Tramerye's book on the same subject, Zischka's *La Guerre Secrète Pour Le Pétrole,* Mennevée's valuable monthly researches in his influential magazine, *Les Documents Politiques* and de Hautecloque's vivid articles in various French weekly papers and magazines with large circulations—all these have given the average Frenchman a vigorously hostile attitude towards the man whom they have been taught to regard as a powerful tool of British Imperialism and of aggressive capitalism in general. The Left-Wing press, too, notably the *Humanité* and the *Populaire,* has kept its readers alert, and many pamphlets which have circulated widely have attacked him and his influence. The average French middle-class man, whether Conservative or Liberal in his politics, distrusts Deterding almost as much as the radicals. France solidly regards Deterding as the enemy of the country, a man who works against her

national safety by cutting off independent supplies of petroleum, and incidentally makes the cost of living there far higher than it need be. The fierce condemnations of Deterding, the man, his mind, policy and methods, made by innumerable French writers, are fairly represented by Delaisi, who is no socialist but who wrote ten years ago: "In these days the Royal Dutch is not regarded by a man like Sir Henri Deterding as a simple economic machine, intended to be used for the enrichment of individuals under the control of the various governments. The vast interests under his direction pass all national limitations, and he is resolved that the policy of the several governments shall be subordinated to the development of this powerful trust and the importance of its head.

"This truly Napoleonic conception, gigantic in its aim, often followed out with genius, is clearly puerile in principle. There is no serious reason why national policy should be guided by such considerations as the development of the oil industry, any more than that of coal, steel, cotton or grain. And the mere fact that one industry has reached a higher degree of financial concentration than the rest does not mean that it is of special importance in the satisfaction of human needs.

"The idea of transforming a means of accumulating wealth into an instrument of power and domination belongs to the realm of feudalism and romance; it is a survival of past ages. It cannot fail to lead the nations into war and the trusts themselves to their ruin. It is anti-economic and inhuman."

In Britain, the country he lived in and in which he built the main bastions of his power, Deterding is practically unknown. This may sound surprising, but it is a fact. The man-in-the-street in Britain is less critical of, and less cynical and sceptical in his ideas about big business, than his prototype in any other important country. He rarely thinks of asking questions about the trustification of industry or the direction of the great combines. It is practically impossible to interest the English middle class in the warfare between great commercial units, and its moral and ethical sensibilities have been so blunted, its natural feelings of justice and equity so coarsened by centuries

of privileged treatment in relation to the rest of the world, that it can see nothing wrong, either brutal or anti-social, in the actions of great business magnates who tamper in politics, control the media of information and propaganda and use them unscrupulously to drive nations to war. All this seems a little far-fetched to the nation which has lived in privileged, sated isolation for centuries, suffering neither invasion nor serious civil disturbances.

To ask the man-in-the-street in England to tell you all he knows about Sir Henri Deterding would be instructive. This man who exercises such a powerful influence over the courses of their lives is all but unknown to him. Out of a hundred haphazardly chosen Englishmen and women, ninety would say, either: "Never 'eard of 'im," with that aggressive and self-satisfied air with which the Englishman usually parades his ignorance, or: "I seem to have heard the name—isn't he a big financier or something?" Of the remaining ten, nine might conceivably be able to furnish a fact or two—that he believed a cousin nearly got a job as groom at Deterding's country house, that he remembered reading an article about him in the *Express*, or was it the *News?* or that he worked in a garage for three months and used to read the *Oil News*, and remembered hearing about him. The hundredth, possibly, could accurately tell you the main facts of Sir Henri's race and occupation.

Even the working class in England, and those members of it who hold Socialist views, know next to nothing about Sir Henri. Very little information reaches them to give them an opportunity of judging him. The really revolutionary publications, such as the *Daily Worker* and the *Inprecorr*, occasionally tell the truth about Deterding and his activities, but the influence of these papers, though well worth while and increasing, is still painfully limited. The rich in England, too, know comparatively little of him. Some of them have met him through their business connections, others have heard him discussed in the clubs, others have met him at hunts. To the average retired colonel, landowner, bishop or Conservative squire,

Sir Henri represents a vaguely distasteful, alien influence in British finance; he indicates the existence of complexities and necessary connections between ourselves and continental capitals which confuse and slightly disturb the serene greed of those who think England should not share control of the world's wealth with anyone. The letters, on economics, fiscal matters and occasionally moral questions which Sir Henri has poured into the offices of the *Times*, *Daily Telegraph* and *Morning Post*, the organs of this class, have somewhat lessened the mistrust they feel, as a matter of course, for one such as he. Some American writers have said that Deterding is violently disliked by the English ruling class. It is not safe to go as far as this. No foreigner who rises to a position of power in English life is ever really admitted into the lofty sanctums of British society, and those who have common sense or a sense of humor rarely even try to get far. But the English ruling class has a long and lively nose for a man who can help it to maintain and extend its privileges. In Deterding the most astute and far-seeing members of this class long ago detected a powerful and aggressive defender of the collapsing fortresses of capital, privilege and vested interest, and they willingly handed over much of the work needing doing, from their point of view, to the Dutchman in their midst who so hated Socialism. When the British Government is, for immediate purposes, on "friendly" terms with the U.S.S.R., and Deterding is energetically attacking the same country by word and deed all over Europe, the rich of England recognize the excellent method adopted. After all, England cannot be responsible for what one man in her midst, and he not an English subject, says or does; thank God we still have some freedom here . . . and so on. And in this way bloody reaction steals over Europe while Great Britain, its principal and most skilled inspirer, continually proclaims herself the one and only home of true democracy.

An exceptionally intelligent man, holding a directorship in one of Britain's greatest oil trusts, with whom I have discussed many things, spoke of Deterding to me. "I consider him a *most remarkable man*," he said, and then repeated it, "a most

remarkable man." He would not add to that nor embroider it nor explain it. The man I spoke to was cultured, thoughtful, sincere, religious and, I imagine, seriously uneasy about many of the things in which he was involved. But he was tremendously impressed by the things Deterding had done in his career. The same attitude prevails in the oil trade generally, although it is interesting to observe, in England, that people who work for Shell-Mex, the Asiatic Petroleum Company, the Anglo-Iranian, etc., are surprised and a little sceptical when Deterding's world-wide political and economic activities are brought to their notice. They had no idea, for the most part, that he was anything like so powerful. To them, knowing as they do nothing of what is done by the oil trust and its permanent or temporary agents in Europe and beyond, the idea that one of their directors is one of the most sinister personal forces of modern times comes as something of a surprise. Vaguely aware that Deterding has elaborate international alignments and that he travels a good deal, they had never seen any particular reason for singling him out from half a dozen other prominent and wealthy native leaders in the industry.

Deterding has little to fear from the English press. Towards such as he, it is the most docile, gullible, tractable and timorous press functioning in any so-called Democracy today. The "quality" Conservative papers, the *Times,* the *Daily Telegraph,* and until its recent absorption in the *Telegraph,* the *Morning Post,* have been for years forums at which he could and did attack everything in the realms of politics, economics, fiscal matters and even justice and morality which at that particular moment the interests of the Royal Dutch-Shell would like to see altered in some way. In these letters, which covered a wide range of subjects and were usually published to synchronize with a campaign which Deterding and others were launching in many parts of the world, he would ramble on in an incredibly diffuse, disjointed way, throwing statistics, comments, aphorisms, warnings, scraps of fallacious reasoning and dogmatic misstatement into a clumsy but, in the aggregate, fairly understandable demand for action of some kind. From

such an ardent advocate of the virtue of simplification, the following sentence, published in the *Times* of May 18th, 1934, comes well:

"I have it on the best (Shanghai) authority that the so-called Chinese objection (it is significant that the Chinese Government did agree with the U.S.A. plan to try to re-establish the silver value) is really prompted by the great land interest in Shanghai, who are great land speculators, because the lower price of silver (we have seen the same in all countries where the value of the coin was 'artificially' lowered) the higher the price of land, and as an illustration, land in Shanghai, which in 1923 was assessed at tls. 1,800 a mow, has been valued by the municipal assessment early in 1933 at tls. 27,000 a mow; my correspondent in Shanghai stating: 'These increases together with the decline in silver greatly enhanced the cost of living of the poor, but not their standard of living; the benefit going all to the landowners.' "

Occasionally Sir Henri contributed a signed article to these papers, notably the two for the *Daily Telegraph* in 1931 on the question of the gold standard, which Britain left in that year, much to Sir Henri's delight. His latest effort from St. Moritz (February 1938) demands that Britain shall become self-sufficing in food before worrying about oil.

But all of Deterding's letters to the press have had little effect; Sir Henri remains an unknown quantity. He is not disliked and his activities, which will help to involve Britain heavily in the coming world war, proceed undisturbed by any probing or critical mind.

"Not a well publicized figure in Britain is Sir Henri Deterding," says *Cavalcade*, a British weekly based on *Time*, but considerably less accurate in its facts. It does its best to remedy the position by blurbing the oil magnate over two pages. Actually Sir Henri's publicity is well handled, as is that of the oil trusts generally, which in Britain are in no way the object of the suspicion and mistrust they invariably arouse elsewhere, and with good reason. To make a career in oil is, to an Englishman, the most sought-after and honorable call-

ing; and he would be merely bewildered if you suggested that the industry, as at present organized and directed, is a menace to the peaceful existence of most of the people of the world. As the result of the diplomatic and excellently directed work of the combine's late Public Relations Counsel, Adrian Corbett, recently killed in the hunting field, very little criticism of the activities of Deterding and his colleagues creeps into the British press. Deterding himself usually breaks into the news with some affecting "human story" calculated to distract the attention of the never exactly sleuthlike or high-principled middle-class Englishman. He always receives favorable publicity at the moment he needs it most.

The *Daily Express*, Lord Beaverbrook's far more sophisticated, subtle and occasionally cynical Conservative sheet, runs Deterding occasionally but usually with a certain take-it-or-leave-it objectivity. Recently his photograph has appeared very frequently in the paper, taken at winter sports at St. Moritz with his third wife. One of the spokesmen of Lord Beaverbook, a young Welshman named Frank Owen, writes the little leaderettes entitled "Opinion" which appear daily in the *Express;* he manages more skilfully to distort the facts of the world and national situation than anyone else of his kind. Owen, who at twenty-four was the youngest Member of Parliament and frequently used to scourge it from the lofty peaks of idealistic youth, now wields a certain influence in England through his leaderettes and other *Daily Express* writings. In an article published in the *Express* in September 1935, Owen gave the two million families which read the *Daily Express* an opportunity to learn something of the power and standing of this guest of England. "In and out of the headlines today," he wrote, "flashes the name of Sir Henri Deterding, Dutch-born British citizen. . . . Deterding decided early in life to fight Rockefeller for the oil kingship. He took the precaution of getting the Paris Rothschilds behind him. Then he went into the United States itself and bought up land and companies right under the nose of Rockefeller and his associates. After that he fought Rockefeller from Mexico to China

. . ." and so on. Owen rather surprisingly winds up with the blunt remarks: "When the Governments of the world control the Black International of Oil, then they will control both the sources of war and of peace. . . . Like the propagandists of the world revolution, the salesmen of oil have far outrun the control of national Governments. . . . Humanity goes dithering along, electing rulers for parishes which are called nations, while men controlling the keys of life and death stretch their hands untrammeled across the world."

That is about the frankest thing ever said in the British capitalist press about oil capitalism and Sir Henri Deterding. Even the so-called Left-wing press, the daily papers on the caliber of the *Manchester Guardian*, the very pale pink *Daily Herald* and the sometimes fairly outspoken Liberal *News Chronicle* rarely attack or expose him or his associates. There are many kinds of pressure which the oil trusts know how to bring upon newspapers, magazines and even publishers who try to tell the truth about them. The law of libel is in such an appalling condition that the notion that anything even remotely resembling free speech exists in Great Britain has long become a grotesque illusion, all the more exasperating because it is very widely held, in the sense that although the average man mutters knowingly that he never believes what he reads in the papers, in fact for the most part he does believe it.

Early in 1935 I myself, having made something of a study of the politics of oil during the preceding months, approached the *News Chronicle*, then edited by Aylmer Vallance, formerly of the *Economist*, with the suggestion that they allow me to write six articles on that subject which they could run over a week. Mr. Vallance, who had the reputation of being something of a Socialist, replied to the suggestion to say: "I have not the slightest doubt that the articles which you propose on the secret war would have a considerable reader interest value, but frankly, I am a little nervous of losing the tremendously valuable advertising of the oil companies. Whether or not the articles would have that result, depends, of course, on their nature."

I wrote the six articles, and put a fair amount of strong meat in them, most of it material which is common knowledge in inner political circles everywhere and even among general readers in France and the United States. But the cowed and defeatist attitude of all those who saw the articles or heard of them was that I could not hope to get away with them. The law of libel in Britain is such that today one cannot hope to say the truth about any profit-making enterprise without running a grave risk of losing a libel action, and the vast majority of publishers and editors refuse to run the risk. The result is that authors and journalists scarcely bother even to write such articles, and the capacity to write forthright, fact-packed, direct, militant articles showing up what is done in the name of commerce is become a lost art, with writers almost as softened and unperceptive as the public to which they cater. The first reaction of an agent whom I informed that I had discussed these articles with the *News Chronicle* and was writing them was to discourage me, saying: "You may take it from me that the advertising revenue consideration is going to weigh very heavily with most editors and, quite frankly, I doubt very much whether the *News Chronicle* would face it. . . ." (I make no apology for dealing with this matter of British timidity in tackling delicate subjects in print, and with this episode in particular, because it illustrates an enormously important and significant tendency, and is at the very core of the "mystery" of the British public's stupendous gullibility and incomparable genius for consistently being fooled and never learning by experience.) As soon as this agent saw the article, he prophesied failure: "Quite frankly I do not think for a moment they will have the courage to do it. . . ."

Nevertheless, they did; they launched the articles very spectacularly at their 1,200,000 readers, and the first four articles appeared almost as written, compact, informative and definitely left-wing accounts of the history of Standard, Deterding, the Soviet trusts and the rest of it. Suddenly something happened. Instead of the fifth and sixth articles which I had written appearing, articles in which I had brought the story

up to date and told something of Deterding's participation in anti-Soviet activities, one completely new, very short and extremely cautious article appeared, apparently re-vamped in the office and notable for a quite gratuitous and specific statement: "Rumors that agents of the oil trusts inspired the famous Rosenberg plan for the extension of Germany east and southeast need not be taken seriously."

Later on, I had occasion to write to Mr. Vallance about this, and asked him what had happened. His reply is interesting: "The oil articles brought about my ears a very considerable whirlwind, and if I were you I think I would lay off oil for a bit. It is too big a racket to handle safely!" Mr. Vallance resigned the editorship very soon after this.

This is what happens to those who try to tell the people of Britain something about its powerful men. The only things you are allowed to say about a rich man in England are the favorable things. The vast majority of the population today regard the pugnacious and anti-democratic motor manufacturer, Viscount Nuffield, who has recently given away some millions to charities, as one of the finest men in the world; to give the other side of his character and activities is a hopeless task.

At almost precisely the moment that my articles were being published in the *News Chronicle*, the firm of Routledge tried to publish Frank Hanighen's adaptation of the book by the Franco-Austrian writer, Antoine Zischka, published in France under the title *La Guerre Secrète pour le Pétrole* (*The Secret War for Oil*). The firm of Allen and Unwin had, in the past, arranged for the publication, in fairly complete form, of Louis Fischer's *Oil Imperialism*, Ludwell Denny's *We Fight for Oil* and one or two other books. After some delays, Routledge, which had had a fair success with the Hanighen-Engelbrecht *Merchants of Death* two years earlier, announced Hanighen's book, which had already been published in the United States. I talked with directors of Routledge at the time, and they were very confident that nothing and no one could prevent their publishing *The Secret War for Oil*. Review copies were sent out, and one or two reviews appeared.

Then the book was withdrawn. This was done following an action taken by British Controlled Oilfields, who engaged Sir Patrick Hastings and contended that the charges made in the book that the firm was really a smokescreen for the imperialist activities of the British Navy were libelous and a very serious matter. The firm climbed down, paid damages out, withdrew the book and made no attempt to reissue it. The solicitors of Sir Henri Deterding had in the meantime advised them that they too would have suggestions to make before the book was reissued. In an interesting commentary on this affair in his magazine *Les Documents Politiques,* for November, 1935, R. Mennevée published a long letter sent to him by Frank Hanighen about the affair. Mr. Hanighen was obviously extremely annoyed over the debacle in London. He contended that his American publishers, John Day, had written to Routledge's as soon as they heard of the action, telling them to stand firm at all costs, since the charges were true and could be substantiated. Hanighen insists that the capitulation took place absolutely without his authority and pointed out significantly that in other writings of his own and by others published in the United States, the same charges against the B.C.O. had been made without any action being taken. He had every reason to believe that Deterding was behind the B.C.O., and was disgusted with the failure of the "Left" in England generally to fight harder for its rights. He added that no British periodical would publish his account of the matter.

Since then it has been even harder than it previously had been to get the truth about the oil industry and about Sir Henri Deterding into print in England. Publishers and editors are scared stiff of touching the subject, except to grovel and praise. The *Secret War* fiasco was the last straw. A more recent book, covering the whole of the history of politics in oil and written moderately with the specific requirements of British publishing in mind, has failed completely to find a publisher, and this in spite of the fact that one of the best-known and most courageous publishers in Europe described it as "quite brilliant, and I should not have had the faintest hesitation in

publishing it had it not been for the appalling state of the English libel laws." The dossier of letters on the subject shows the same pitiably unanimous chorus of dismal regret from publishers in the great free commonwealth of Britain. One said: "I warn you the oil people are pretty damn tough. Either they seem to be able to do what was done to ——, which is that no notice whatever was given to the book, or else they sock you in the jaw as they did Routledge over Frank Hanighen's book."

A legal adviser's report read: "I confess that I was much intrigued by this book. The author has gone to the root of his subject, and the tricks, subterfuges, and murky dealings by various governments (not excluding our own) and the kings of the oil racket, will come as an eye-opener to many. Mr. —— writes well, and the book holds the reader's attention throughout. I am not prepared, however, to recommend it. The dangers of libel are many, and I would not myself undertake the job of vetting it. . . ." These are some out of many such letters.

That is the condition to which Britain is reduced. It is virtually impossible to print anything, *even when it is the truth*, which the great oil companies do not like. Direct and indirect pressure of so many different kinds can be brought to bear that the editors and publishers simply don't want to be bothered with what has come to seem to them a dangerous and deadly topic, best left severely alone. Although British newspapers can print and, for the most part, have printed at one time or another, in a thousand scattered news paragraphs, gossip fragments and financial intelligence, enough about the oil trusts and their leaders to build up a murderously damaging case against them, anyone who collects, collates and republishes those fragments in organic and therefore a thousand-fold more telling form cannot hope to find a publisher, even though he gives a direct and unimpeachable authority for everything he says. It is precisely the building up of a case on facts and the drawing of unavoidable conclusions which are not allowed. So long as no one gets to know the truth, they don't mind you telling it.

The multi-lingual organ of the international revolutionary movement, published in English as the *International Press Correspondence,* recently printed a competent and well balanced article, not giving many details, on Deterding, signed "Raymond West." This is almost the only frankly critical piece published about him in England during the last three years, apart from occasional references in the *Daily Worker.*

In France it is certainly very different. There many of the accounts of his life and origins are obviously made up, and not even intended to be taken seriously. About fifteen years ago, *Fantasio,* a famous humorous magazine, ran an imaginative account of Sir Henri's career which romanticized the poor-boy-to-plutocrat strain and was apparently not at all intended seriously. According to this article, his grandfather, who had grown bulbs near Leyden, was called Wolfgang Alexander Spatular Deterding and Sir Henri's nickname as a child had been "Spatular." (It is a fact that some people seriously believe today that Sir Henri's real surname is not Deterding at all, but Spatular.) This account went on to describe the old man's son, ruined by the building of a railway station on his plot of land, emigrating to the Transvaal, where he lived for some years before marrying and returning to Holland. Here we get a remarkable description of the genius shown by Sir Henri, while still a boy, in economizing and earning tiny sums of money. Then followed striking anecdotes of how he made his first million and married, the whole thing amusing and *ben trovato.* The effusion was illustrated by a caricature "Son Altesse Petrolissime Deterding ler," showing Sir Henri, crowned, seated on a pile of empty petrol tins, with an ordinary oil lamp in his right hand serving as a scepter.

Sir Henri himself has commented more than once on this account, half seriously, half in a spirit of amused indifference, but he seems to have taken it perfectly seriously so far as the author's intentions were concerned, thus meriting Mennevée's remark that he apparently has no knowledge of French humor.

A number of books have been written in the form of fiction in which Sir Henri has appeared under the guise of another

name. Novelists who have wanted to show up the political and financial racketeering which drove Europe to her present condition in the post-war phase have often resorted to the device of creating characters in a novel whose resemblances to real people have been quite apparent to anyone with eyes to see. There is the famous comedy of Jacques Duval, *Tovarich*, dealing with the lives of two Russian aristocrats in Paris who, after the Revolution, have control over money and papers upon which depends possession of the Caucasian oilfields. The financiers in the background of the play are quite clearly intended to be Deterding and his associates, and, in spite of the generally Right-wing bias of the play—particularly in the British version of Robert Sherwood and, I believe, in the film version which will be seen by tens of millions of people—these financiers are not depicted as being friends of Russia, whether Czarist or Bolshevist. Similarly, in Irène Némirovsky's novel, *David Golder*, dealing with the financial adventures and private life of a Paris speculator, the shadowy big shot who remains offstage is obviously intended to be Deterding; the name is Tubingen.

The most exhilarating label given by any novelist to a character intended to represent Deterding is the glorious "Sir Julius Eldering-Geyser" of the Soviet novelist Constantin Fedin. Fedin's novel, *The Rape of Europe*, describes the financial interests and backstairs maneuvering of politicians who control the destinies of the various peoples of Western Europe. That Eldering-Geyser—what a superb name!—is Deterding was all but admitted by the author, and the Soviet reviewers made no attempt to conceal it. Fedin is, of course, not the only Soviet Russian writer to have exposed and attacked Deterding. Apart from the official and semi-official denunciations made by important politicians from Stalin downwards, and by executives of the oil trusts such as Lomoff, Serebrovsky and Kalnine, many prominent journalists, notably Karl Radek, Michael Koltsoff and Ilya Ehrenburg, have attacked Deterding and his anti-Soviet intrigues continually in the Soviet press and occasionally in the Left-wing publications of the capitalist world. Novelists

like Alexis Tolstoy and Boris Pilnyak have followed suit, although these two best-selling writers showed less knowledge of the economic factors at work than the journalists and the officials. In Pilnyak's short story, *Whist*, a lengthy and colorful exposition of the situation in and around Baku, a perfectly orthodox Soviet analysis of Deterding's role is given. "This same Sir Henri Deterding," says Pilnyak, "was a 'gentleman' who 'never bought stolen goods,' but bought up pre-war oil shares from Russian industrialists who had fled from the Revolution; this he did in order to become the owner of stolen property. He 'never did business with bandits' but went behind the back of the British Foreign Secretary, Lord Curzon, and wrote by the hand of the Foreign Office official, Sir Esmond Ovey, afterwards Ambassador to the Soviet Union, the following letter to Leonid Borissovich Krassin. . . ." Tolstoy's novel, *Black Gold*, likewise deals with Baku and the capitalists whose incredible personalities and lives gave a certain shoddy color to the place before 1917. Deterding, too, figures in this book.

In the Soviet press Deterding has been systematically held up as one of the leading organizers of the world capitalist front against the U.S.S.R. Posters, caricatures, articles and pamphlets have held him up to ridicule and hatred. Sir Henri thinks this is all extremely amusing, and emits a casual, well-bred titter whenever he speaks of it—it is all so fantastic, so remote from realities, so typical of those ruffianly, undemocratic Russians. "Today, in Russia," said Deterding for a *Saturday Evening Post* interviewer, "I am the most execrated man alive. My effigy is burnt in public places. I have an amusing collection of pictures they have circulated, depicting me as a monster in all shapes and sizes.

"Such ludicrously violent methods show how great is the Soviet's fear of me. But why are they afraid? Simply because they know that I see through them for what they are—a set of bluffing bullies. And the best way to frighten a bully is by calling his bluff. . . ."

In letters and interviews he has affected the same unruffled, hearty attitude. He said to Kees van Hoek, in 1936, in reply

to the remark that he seemed to be the scapegoat of the Soviets, "Yes, I have seemed to be their black sheep. A year or so ago a colleague came to my office and told me, brimming over with indignation, that at a great demonstration in Moscow my effigy had been publicly burnt. I couldn't help remarking: 'Gentlemen, how great an honor!' "

So much for Russia. In pre-Nazi Germany and Austria, Deterding had many critics, and there were many dealers in sensationalism who wrote exciting, "objective" and not always accurate accounts of his activities. Prominent among these was the Georgian émigré (a former owner of shares in Caucasian oilfields) Leo Noussimbaum, who devised lurid and extremely entertaining books about the country he had left, among them a remarkable biography of Stalin. Noussimbaum worked mainly from Vienna, where he was well known in certain literary circles, and used the Moslem name of Essad Bey. His book, published in France under the title *L'Épopée du Pétrole*, contained some detailed accounts of the real motivations of many important post-war political happenings, but it is not easy to see whence the French journalist Mennevée derives his reasons for accusing Essad Bey of being one of Deterding's inspired press agents. Noussimbaum knows a great deal about oil and about the personalities who have animated the wrangles over Russia and its oil for the last thirty years. In particular, he knows personally many of the Georgians and Armenians, and is something of an authority on the redoubtable Gulbenkian, who has contrived with so much success to keep out of the public eye. Noussimbaum made an offer to a number of British publishers to write for them a book giving the full story of Gulbenkian's life and activities, but he was turned down on the grounds that " 'G' is one of the dangerous ones." Publishers do not always take everything Noussimbaum says absolutely as Gospel; one young British publisher said to me, "That man's a bloody liar." His wife, Erica Lowendahl, daughter of a wealthy partner of Bata, the shoe manufacturer, accused Noussimbaum, during their American divorce proceedings, of

all sorts of grotesquely exotic offenses. She wished to marry another prominent Russian emigré writer, René Fülop-Miller.

Few more interesting novels with a political background have been written recently than the book published in Germany and Austria just before the Nazis took power in Berlin, under the name *Die Macht.* The author, Robert Neumann, a Jew, is also the author of a recent and well-documented book on Sir Basil Zaharoff. Neumann's book described, in the form of a novel, the famous "Chervonetz" affair, and openly discussed the parts played in it by General Hoffmann, Dr. Georg Bell and Sir Henri Deterding. It was published in Leipzig in 1931. It supplied a detailed description of the end of Dr. Bell. When, two years later, Bell did indeed meet a violent death and in a manner extraordinarily similar to that predicted by Neumann, the author was interviewed by a number of journalists who wanted to know just how he had managed to predict the event; his reply was simply that, knowing how such men as Bell made their living, he could predict the manner of their death. Two years later, in 1933, *Die Macht* was published in an English form by the house of Peter Davies. In this version, labeled *Mammon,* some cuts had been made and the principal characters were given pseudonyms. Nevertheless the true personalities behind the pseudonyms were obvious to anyone with any knowledge of the episode dealt with in the book; I myself recognized them all long before I knew that they had appeared under their own names in the original German version. Sir Basil Zaharoff appeared as Sir Gregory Pascalis, Georg Bell was Gutyahr, General von Hoffmann became Cornelius von Trotha, and Sir Henri Deterding became Lord Lombard of International Oil. The book is immensely entertaining, witty and pointed, and the dramatization of the stock exchange and diplomatic wars between Deterding and the U.S.S.R. is superbly presented. "Lord Lombard" himself is described thus: "Lord Lombard's own dress and demeanor, however, contrasted sharply with all this splendor. Plus-fours and a soft collar combined with an aboundingly jovial manner—whose somewhat blatant ingenuousness was helped out by an occa-

sional confidential wink—created the impression of a popular stump orator, and an onlooker would instinctively have glanced about in search of the red carnation which, during one of the speaker's more expansive movements, might have fallen from his buttonhole on to the parquet floor."

This description fits in perfectly with those given by newspapermen who meet Sir Henri. Indeed, the book, though essentially a work of fiction in which the author has allowed his imagination free play, gives a very fair and vivid general picture of the sort of men who have brought Europe to its present pass and the methods by which they have done it. Some time after the publication of Neumann's book, a British journalist, interviewing Sir Henri Deterding, sprang this topic on him. Deterding admitted that he had read the book. Asked whether its account of things was a true one, he replied, "About one per cent."

This brings us to the important question of Deterding and interviewers. Sir Henri is hard to see, and he likes to know what you want to know and, to put it bluntly, what side you are on, before he agrees to see you. In recent years most would-be interviewers have come up against the man who acts as secretary in such matters as this, a wary and shrewd little fellow named Prince Michel Soumbatoff, a Georgian from Tiflis who has played a useful role for some years in Deterding's organization. Soumbatoff finds out what the journalists want, and rarely allows one who really wishes to interview the big man about anything that matters to get by. The great Isaac Marcosson, master retailer of the animadversions on Life, Love and Government of the world's more successful industrialists and bankers, himself could not get past Soumbatoff, but the *Saturday Evening Post*, which has printed so many of Marcosson's painstaking Boswellian essays, was not to be balked, and in due course it ran the articles I have already mentioned. In them Stanley Naylor, the interviewer, made an expert job of putting Deterding's case a good deal more plausibly and seductively than the Dutchman has ever himself done it. The *Satevepost* must have felt a thrill of pride. Here, surely, was

a spirit in true sympathy with the glorious ideals of one hundred per cent Americanism it weekly advocated. Here, indeed, was a man the America of the nineteen-twenties might have been proud to hail as brother. Here was the personification of successful Individualist effort. Here was the perfect model for all ambitious American lads. Here, in short, was what the *Satevepost* could always use.

But Deterding could not always get away from journalists. Arriving in an ocean liner at New York, coming back to Plymouth, cropping up in Amsterdam, or possibly Berlin, Vienna, the Hague, or Paris, he usually found a handful of newspapermen waiting for him. They represented the orthodox capitalist newspapers, and what they wanted was not to ask those searching and significant questions which Deterding has never been forced to answer for publication, but to "get a story." Would petrol rise in price? That made a story. Was he going to retire? What did he think of the New Deal? Would he divorce, re-marry, become a British subject? Was a gold standard alone satisfactory? All these were stories. All these things, separately, would be thrown at him at different times. He might even be asked whether it was true that he knew anything in particular about Kutyepoff's kidnaping, about the Reichstag Fire, the Chervonetz case, the Arcos Raid. It was so easy to pass these things off with a hearty jest, a what-would-you shoulder-shrug and a quick change of subject, particularly when your questioners were competing fiercely with one another, when the gangway would go up soon, when sirens or the zoom of propellers interfered with questioning, when interrogators were mildly inebriated or looking forward to attaining that condition in the near future, when the gentlemen of the press were neither experts in knowledge nor men of any particular political convictions. These were easy enough to handle, though they would occasionally become a mild nuisance, as when the publication of a new book supplied them with precise ammunition, or when he wanted to be left alone, or when he visited Venezuela hastily after Gomez' death.

Newspapermen anxious to converse about such sound topics

as keeping fit, curing the world's ills, happiness and what it feels like to be retiring could and did stand a chance of seeing Sir Henri. In this category came Anthony Praga, a well-known Fleet Street newspaperman, whose very interesting talk with Sir Henri on his private life was published in the *Sunday Express* in August, 1930. Deterding was blurbed as "probably the only head of a British organization who has made America sit up and listen. He is the man who beat the Standard Oil Company at its own game." Sir Henri had no hostile critic in Praga, who thought that Sir Henri's "personal atmosphere is a strong mixture of self-confidence and receptive good humor," and confessed that in the talk (which turned on cold baths, slow-acting skins, breaking ice in swimming pools, sleep durations, rub-downs, chicken, height in relation to weight, riding, running, swimming, leisure and repose—most of it probably very sensible in itself) "he said some of the most refreshing and illuminating things that I have ever heard."

Occasionally Sir Henri was cornered when he didn't expect it. This happened in April, 1929, when a *Daily Express* man contrived to get him on his train from Plymouth, where he had just arrived at the end of one of his periodical trips to the States to discuss prices and policy. A valet was with him when the reporter entered his compartment. In the following minutes Sir Henri was given a fairly severe grueling, but at first he did his best to get in right with that potent force the press.

"You newspapermen," said he, "have the idea in your minds that I am a man of mystery. I am not mysterious—ask me any question you like."

To most of the questions which followed Sir Henri answered with a definite negative. Most of them concerned prices and the rumors of a policy of cooperation between the Royal Dutch-Shell and all the Standard companies.

Finally Sir Henri clinched the matter with, "I give you my solemn word of honor that I have not even discussed oil with anyone during my trip abroad."

Years of this sort of thing, coupled with the publication and occasionally the suppression of books which told a good deal

of the truth about the oil industry but not a very great deal about Sir Henri, showed that it was high time an attempt was made to tell the full story of Sir Henri Deterding's life, ideas, policy and influence over tens of millions of his fellow human beings, to tell it organically, in a proper perspective and in its correct relation to the history of his times, the political and economic forces of which he was at once the product and the inspirer. In his curiously uneven book, *The Work, Wealth and Happiness of Mankind*, H. G. Wells rightly complained, after saying something not very valuable about Henry Ford and Alfred Lowenstein, that "while the poor little affairs of obscure, industrious men of letters are made the subject of intensive research, and while every scrap of their entirely unimportant private correspondence commands the money of eager collectors, the far more romantic, thrilling and illuminating documents that must be scattered abundantly throughout the world, about these seekers and makers of great fortunes, are neither gathered nor cherished." It was high time that a book was written and published that would inform those who cared to know just what Sir Henri Deterding stands for and what he means to the ordinary, peace-loving but blinkered working man—even if its author could not hope for access to those original documents which would make his case overwhelming. Adequate material to make a strong case and an arresting narrative was available if anyone cared to take on the job. Books on Pierpont Morgan, the Rothschilds, Henry Ford, Sir Basil Zaharoff, Montagu Norman, Rockefeller, Hearst, Carnegie, Krupp and Kreuger appeared; most of them were inadequate and disappointing, but at any rate they supplied information to some extent correlated. It was high time that Deterding was given his turn.

Following his semi-retirement in 1936, the task of writing this book was given to a young English writer named Ralph Fox. Fox was a young man who inherited and lived up to, as very few of his compatriots do, the very best traditions of the English race. He felt and thought honestly and independently, and, after coming down from Oxford, decided to give his

whole energies to the revolutionary movement in England. He had a first-rate mind and he trained it in the discipline of Marxist science. He studied in Moscow, thus bringing his brilliant Oxford achievements into the arena of practical, worthwhile mundane affairs. He wrote several excellent books, including a life of Lenin, and, turning his back on the fat and juicy plums he could have collected had he abandoned himself to commercial journalism, worked for years as reporter, gossip writer and co-editor on the small but vigorous British Communist newspaper, the *Daily Worker*.

Fox would have made a great job of the Deterding book. He had the right toughness, combined with the spirit, magnanimity, contempt and fierce indignation which would have given such a book the proper punch, eloquence and urgent authenticity. He would have written as if he had felt the whole turbulent resentment of the exploited, muzzled and brutally stunted working people of the world welling up and expressing their inarticulate rage through his highly articulate and disciplined pen. In some preliminary notes, Fox acutely remarked of Deterding, "The modern multi-millionaire of the Deterding type is actually a skilful organizer, a speculator of genius, but not much more. He is humanly interesting because the organization of modern society also invests him with enormous power. He is one of the select group of men who can be considered as being free, in so far as he can control things without interference, and it is this almost unlimited power which invests him with his 'mystery' in popular eyes. . . . Probably, having the necessary qualities, he would have been a successful man of affairs had modern science and modern engineering not combined to produce this latest and most remarkable of locomotive forces (the internal combustion engine). Almost certainly, however, he would never have been a multi-millionaire, a 'man of mystery,' and himself one of the locomotives of human affairs, if the need for oil had not given him the opportunity of winning a monopoly in an essential raw material."

Fox had just definitely agreed to take on the job of preparing and writing this book when the situation in the Fascist

invasion of democratic Spain, popularly but erroneously known as the Spanish Civil War, became so acute that the desperate need of the Spanish Government for skilled fighters both with arms and with ideas brought thousands of men, almost penniless for the most part, from every corner of Europe to fight to defend European democracy against the Fascist advance. Fox was one of these heroes of the greatest crusade of modern times, the formation of the magnificent International Brigade which held up Fascism outside Madrid and thrashed Franco's Moors, native Fascists, Nazis and Italians repeatedly while the Government, disgustingly handicapped by the obscene agreement known as "Non-Intervention," desperately prepared an army almost from the ground up.

Fox went out as a soldier and a political Commissar. He did valuable work as both. His battalion was in the thick of some of the most foully unequal battles of modern times, the battles around Madrid in which magnificently equipped Fascist conscripts battered, shelled and machine-gunned the cosmopolitan bands of the Brigade. The British losses were very high. Fox was not spared. Early in 1937 he was killed in action.

XXIV

WE have now completed the portrait of the man, and it is time to take one last, backward, summarizing glance at his position and influence in world society.

An anonymous American writer has called Sir Henri Deterding "the last living representative of the one-man super-trust." Apparently the author regards the trustification of big business as a declining factor in the modern world. Ivar Kreuger is dead, certainly, and so is Alfred Loewenstein, but we still have with us such colorful and unresigned gentlemen as Fritz Thyssen of Germany's steel trust, Lord McGowan of Britain's I.C.I., Henry and Edsel Ford, Japan's Mitsuis, Dannie Heinemann of the Belgian public utilities octopus, the "Sofina," Don Simon Patiño of Bolivia and some others.

Very few of these men are as picturesque and as world-embracing in their activities as is Sir Henri Deterding. No Englishman, he was forced by the iron logic of the interests he had come to serve to become one of the most energetic and important British Imperialists of his time. No metaphysical philosopher, he was compelled, through the position he attained, to voice his thoughts on many matters besides the traffic in oil. A business man, he could not be indifferent to politics. An internationalist on the grandest scale in his own affairs, he was compelled to assist, openly or overtly, the crudest chauvinism and race glorification in countries where he wished to retain a privileged position or hoped to gain one. In control of companies operating on such a scale that every country in the world had to be his tributary, he was unable to avoid backing political movements which perhaps were opposed to one another. Desperately anxious to preserve the capitalist fabric of

society, he yet had to assist movements which accelerated the advance of wars and conflicts which blatantly endangered its survival. Working hand-in-glove with Jews, notably Bearsted and Waley Cohen of the Shell, in business, he gave his approval, as they of course knew he did, to a political system, the Nazi government of Germany, which avowedly denies political and civic rights to Jews and proclaims them an inferior breed. Bound hand and foot to British Imperialism, he yet had to assist the growth of the Nazi movement in Germany, which, no matter how ingeniously British diplomats and backstairs middlemen may try to put off the day, will sooner or later attack the British Empire.

No very brilliant political theoretician, Deterding, as we have seen, understands well enough that capitalism is on the defensive all over the world. He knows that, outside the U.S.S.R., the division of the peoples of the world into classes is a fact, not a theory whipped up by disgruntled members of the "disinherited." He knows, and his circle knows, that the capitalist system cannot survive for many years unless it organizes itself on a thorough defensive basis. The system is now developed, thanks to the work of men like Deterding himself, to the point at which rival imperialisms clash everywhere over the right to exploit the "backward" areas of the world, their raw materials and their cheap labor. The point has now arrived at which, capitalism having done its job, the world's workers must take over the instruments by which wealth is produced and distributed—the mines, the railways, factories, mills and oilfields—or take the inescapable consequences of leaving them in the hands of those who know no methods, no ideas, no traditions and no motives other than the capitalist's. These consequences are war, mass slaughter, unbridled propaganda, epidemics and anarchy.

Deterding, unlike the vast majority of big business men, was not prepared to leave the direction of affairs in the political sphere entirely to specialists in that art. He saw that it was the predominance of people like himself, their right to control the lives of others and to impose their standards, values

and codes on their fellows, that was most threatened by the success of socialism in one great country and the spread of a belief in it elsewhere. He did not dodge the issue; he embraced it. He saw himself as a crusader, a knight riding out to defend the system of profit and private enterprise from the threatened flood of socialism.

It was no accident that Sir Henri admired Mussolini; that he got on well with the Pope, or indeed met the Pope at all; that he should find much to admire in the actions of Franklin D. Roosevelt, the most skilful doctor by whom the ailing capitalist system of America has yet been attended; that he should mingle with White Russian diehards; that he should find a wife among them, and another among Nazi Germans; that he should stay with King Carol, find good to say of the bloody Gomez, and hasten to consult with Tardieu. It is not by chance that Sir Henri wants to see youth "disciplined," that he is perturbed about democracy and would have all "idlers" shot. These are the normal stock-in-trade of diehards, of dictatorship and of Fascism, the system by which a collapsing and cannibalistic capitalism tries desperately to prolong its delirious days. Sir Henri is not merely a Fascist, he is the cause of Fascism in others, the paymaster and wet-nurse of dictatorship. He is not merely a spectacular and characteristic product of the capitalist system; he may fairly be described as Capitalism in Person.

All the ideas which go to make the Fascist are in Sir Henri's intellectual baggage—the intolerance, the hearty good fellowship, the scraps of philosophic moralizings, the fear of competing philosophies revealed in hasty and pathetically shallow efforts to refute their contentions, the cruelty, the hatred of such devices as the dole. Even the Nazi idea of superior and inferior races is there. In an interview with "G.P.K." published in *The People* on January 31st, 1932, Sir Henri, after attacking bankers ("The whole of the trouble is that the bankers do not know their place") came out with these thoughts: "For I believe, and I say it honestly, with the greatest conviction—for all my Dutch ancestry—that the Anglo-Saxon

is the superior breed. He has courage and pluck. He knows what he wants. He is bound eventually—if necessary—to *muddle* through—but *through* he will get."

Sir Henri is the capitalist who has realized where he stands. He knows that the gradual trustification of a great industry means one of two things—that it shall be taken over and operated for use and not for profit by the workers in the industry, or that the largest units in it will slowly absorb their lesser competitors and rivals until only two or three important operators in the field are left. By the time the latter happens, these combines have become so powerful that they can control governments and direct political policy. The ultimate aim of each of the remaining units must be to absorb or in some way eliminate the others as effective competitors, in order to attain the level of a complete monopoly, with the resulting increased profits.

At this phase in the struggle, industry is compelled to interfere far and wide in politics, to overturn regimes here and subsidize others there, and it does not boggle at the prospect of a world war if such a war seems likely to solve its major problem. Even before the industry has reached the final stage of unification, price agreements and understandings of the kind Sir Henri has continually been trying to fix up with Standard bring the "competitors" very close together, with the result that the purchaser is faced by a united front of producers who have agreed to exploit him to their mutual advantage—for a time, at any rate. For example, the situation at present in the world's steel industry, with the European Steel Cartel trying to come to terms with the big American producers, illustrates this stage. Similarly, regarding various important products, the understandings between the three great chemical combinations, the British Imperial Chemical Industries, the German I. G. Farbenindustrie and the American Du Pont company, show how far from ordinary democratic control the great business units have got. The situation in the oil trade is similar, with Standard and the Royal Dutch-Shell and its allies cooperating as to output and price in certain regions and

at certain times, and then breaking out into fierce rate-cutting wars when increased profits or larger markets seem attainable that way.

"The tendency in modern life," says A. C. Hardy, spokesman of the giants of oil, "is for the big business corporation to take the place formerly held by rulers accredited by reason of Birth and Tradition." Mr. Hardy then goes on to show that the sensational suggestions that big business, and the oil business in particular, does harbor such notions of world domination, are not the imaginings and pipe-dreams of panicky journalists and frightened radicals. The oil industry does quite definitely fancy itself as peculiarly well equipped to take the nations of the world in hand and gently conduct them to the Utopia of Big Business Dictatorship. Sir Henri Deterding's fierce denunciations of democrats and radicals, and then, even more significantly, of politicians, of "orthodox" economists and aged bankers who will not get out of the way, are merely part of this general campaign to get for the oil industry a more and more direct voice in the control of government and general policy.

"Speaking as a shareholder in a bank," said Sir Henri early in 1932, "I say that no real constructive leadership can come out of the banks. Industry must lead.

"And the leading industrialists must be given a chance to state their views and have them discussed and considered without fear or political favor.

"Give the industrialists a chance to lead the country, give them an opportunity of putting forward constructive advice which they know would be weighed more carefully than the maiden flippancies of a twenty-one-year-old M.P. and have a chance of proving effective—and many of our troubles would solve themselves.

"Leadership—leadership from the class of men, who, through labor, produce the goods and sell them and make the country prosperous—that is what we want most now."

That is Sir Henri's way of moving nearer to a position from which he can control industry, transport, distribution and eco-

nomic life in general in a more direct way. And he is not the only prominent oil man to harbor these ambitions. "Just as there is now taking place the change over from coal to oil," continues Mr. Hardy, "so there are corresponding sociological changes in everyday life. Oil may to a certain extent be considered as being concerned with a new and practical form of Socialism, a socialism of Evolution rather than one of Revolution.

"So powerful are the financial interests behind the oil industry that it does not seem incorrect to suggest that the public ownership of properties and institutions and services which the more extreme socialist visions in his Utopia as belonging to the State may in fact actually be invested in the oil companies themselves.

"There is something to support this view in a statement which has been made by Mr. Walter C. Teagle, executive head of the Standard Oil Company of New Jersey. Speaking for his own company he has said that the United States are moving rapidly, surely and yet almost unconsciously towards a condition of public ownership with none of the disadvantages of Government ownership. The executives of industry are becoming the salaried custodians of the invested savings of the American people, he considers. It is well to bear this in mind, he suggests, for it means that anything affecting large corporations also affects that large part of the population owning them. Today the American people are regulating big business—they are its proprietors and the consumers of its products. . . . Oil today to a great extent is the weapon of international arbitration. Oil today is beginning to hold the world's purse strings and therefore the world's will to war. It can perhaps on occasion buy and sell kings; it can make and unmake presidents; it can control industries; it can sky-rocket real estate; it can give out enormous building contracts; it can employ thousands of people. . . .

"That Socialism of one kind or the other is bound to take control of civilization during the next hundred years is as inevitable as is the fact that night follows day. One ventures to

suggest that oil has it in its power to make this Socialism a pleasant Socialism to live with and in.

"A slow change is coming over the present Capitalist system of living which is mainly a change bred of discontent in the minds of many millions of people with existing circumstances. If this discontent is too ebullient, we may find prevailing a tradition of World Bolshevism where Nationalization of everything will go mad as it has in Russia today, and for that reason we might conveniently have added Russia to our preliminary list of successful trading concerns, for she is the largest State concern in business in the world."

Mr. Hardy then proceeds to outline the broad shape of the oligarchically ruled world of the future, the rule of "Aristocrats" envisaged by many so-called thinkers and sociologists, the super-organized capitalist world state of which modern Nazi Germany is the embryo. "Oil, by providing work for numbers of people and by providing money through dividend cheques for numbers of people and work to thousands of others may in the end evolve a fairly contented state of things. It will make interesting speculation to see whether this is true. Thanks to oil, unquestionably life today is set at a much higher tempo than it was in the old coal era, but unfortunately the tempo at which it is set today is one which depends for its success upon over-production in industry and upon the absorption of the results of that over-production. But this over-production is complicated because machines do what we formerly did and therefore you must not over-produce populations above a certain extent. Yet you must have people to utilize products which are over-produced. This is a difficult paradox.

"The civilization of the future will have to control its births not only numerically but also as to 'type' as rigidly as the breeding of pigs, cows and horses is controlled today. It is conceivable that for a selective over-production, i.e., one in which special products are mass-produced, a selective populace may have to be bred and if this goes ahead we are in danger of being swallowed by the very machine whose safe functioning gives us our daily bread. If Oil is fundamentally re-

sponsible for all this it is therefore to a certain extent a two-edged weapon. . . ."

Mr. Hardy then flounders along into some quite incredibly uncontrolled and scattered thoughts on Sales Effort, Salesmanship, the Penny Press, the Radio, losing even the very uncertain grip he had previously had on the subjects he had been discussing. Less and less he seems to know exactly what he is trying to say and what he and other spokesmen for capitalist industry are advocating, or, perhaps, praying for. Finally, he all but admits that he doesn't precisely know what he is driving at:

"All of which is intensely complicated and perhaps not very helpful towards the discovery of a satisfactory solution. Indeed, it is conceivable that there is no satisfactory solution. Civilization may drift along and the very machine which has created Mechanized Civilization, it may be that same machine which will kill it. We cannot tell for we do not know what era will succeed the Oil Era. Therefore we can only postulate and legislate for a period over say the next two hundred or two hundred and fifty years. It is possible even to conceive of a machine-made civilization controlled entirely by a few beings of tremendously high intelligence but low bodily power. . . ."

Mr. Hardy has perhaps been reading imaginative romances and seeing such films as the crazy German *Metropolis*, showing cretinous Labor and bestial Capital cooperating in a mechanized state of the future. Not so remote from those imaginings are the actual plans conceived, either broadly or in some detail, by such giants of the big trusts as the late Alfred Mond (Lord Melchett), creator of Imperial Chemical Industries, Carl Bosch of Germany's sinister I. G. Farbenindustrie, now dreaming of a world-embracing system backed by Krupp guns and Himmler's methods of securing cooperation, and John J. Raskob of the Du Pont industries, father of a plan to turn the U.S.A. into one great corporation working to the greater glory of the Catholic Church.

What they are all groping after is some practical method by which profit and privilege may be rendered as long-lived

as possible (n.b. Mr. Hardy's eager mention of 200 or 250 years) by the systematic, really efficient organization of scarcity. They are trying to perpetuate, or recreate artificially, the conditions of scarcity under which capitalism functioned fairly well. Hence the fantastic talk of over-production at a time when the goods and services which industry is technically well able to produce are still available only to a tiny minority of the population; when good clothes are a luxury; when fresh fruit is a treat; when tens of millions don't even get enough bread, milk, butter and meat to keep decently fit and healthy. This talk of over-production invariably means "over-production from the point of view of sustained profits." The maintenance of organized scarcity, in view of the gargantuan strides upward of the U.S.S.R., where the barrier between producer and consumer has been completely removed, is becoming more and more difficult and embarrassing to the class which stands to gain by that scarcity.

Hence the effort to rope in as many workers and small-fry investors as possible into the orbit of the big trusts. By big bonuses and high wages, by tireless propaganda, by panicky warnings of what the "alternatives" would mean, millions of men and women who want only peace, security, a car, a garden, a little family circle and a fortnight by the sea are bullied and bemused into thinking that their security, their standards, indeed their very lives are bound up with the maintenance of these great trusts. Because they draw a weekly wage from them, or a few dozen pounds a year in dividends, they are fooled into thinking that their interests are irrevocably tied to the combines, that they are no longer workers but mysteriously associated with the governing class. They have less than no say in the direction and policy of the corporations, no information, or chance of collecting it, regarding its methods and plans. The lawyers, small business men, doctors, teachers, ministers of the Gospel and clerks whose infinitesimal profits from shares in big companies make no appreciable difference to their ways of life, have no knowledge of the methods and activities by which these profits are made possible. The pacifist or liberal or well-

meaning nobody in particular who has a couple of hundred dollars in a company drilling for oil in Venezuela—what does he know of the ways and means by which his periodical dividend cheques are made possible? He knows nothing, and in time he tends to care less. Befuddled by tactfully worded propaganda masquerading as news, congenitally disinclined to face unpleasant truths about his own position, busy with his work, worried by a dozen pressing and immediate petty issues, he cannot listen to mischievous and difficult suggestions that everything is not perfectly above board and morally impregnable. They hear: "General Gomez has consistently insisted upon fair play to foreign capital," and they uneasily fool themselves that that is all they need worry about. After all, are they not assisting in the development of a backward area?

People like this do not realize that their true interests are utterly and finally opposed to the big capitalists and their schemes; they are lured into thinking they must, at all costs, support the very system which makes life chronically insecure and harrowing for them. It is because of this that men like Sir Henri Deterding are the powers they undoubtedly are in this world of 1938. If Sir Henri Deterding, most international, most energetic, most aggressive and forthright of big business men, may reasonably be labeled "the most powerful man in the world," it is not because of any inherent, God-given qualities in himself or even because of an insurmountable power he has built up around him. It is because he has succeeded in making millions of nervous, amiable, anxious and ordinary little men believe that he and his friends are their advocates, their leaders, their spokesmen, their protectors. It is not true that the delusion that civilization goes when capitalism goes is universally diffused, but it is still very widespread, and the middle classes of the world, many of its more skilled workers, technicians, professional men, workers in the arts and craftsmen, are very much inclined to believe that their lives would not be so pleasant under a socialist regime. Sir Henri can boast that the propaganda that his class pumps out through its friends and hirelings and tools, through newspapers, sermons,

magazines, films, radio bulletins and talks and mouth-to-mouth pep talks, has had a good deal of success. The static type of propaganda, directed to the end that nothing shall be done, as distinct from the dynamic kind which demands action, has had a particularly high degree of success in America and the British Empire. Sir Henri knows it: "Comparing business life today with business life as I first knew it, one cannot help being struck with how the old-time prejudice of the general public against big business corporations is fading away. Today, the average man in the street no longer derides big business as he used to do, because he now has the sense to see that only big financial corporations can shoulder the burden and the risks of running the more colossal of our basic industries. . . . Only big business has the financial resources at its command to ensure that pump stations are constantly filled, wherever they may be, that bunker tanks are never empty, that kerosene tins reach the remotest corners of the earth without fail."

Stuff like this convinces somebody; it convinces, in fact, nearly all those who are not self-instructed in the basic theories of a better system. It is liable to take in anyone who does not know, or, knowing, does not understand why capitalism is not and can never be one-tenth as efficient as socialism; that socialism can and does undertake, and has already undertaken with notable success, projects which capitalism rarely attempts and usually foozles when it does try to tackle them; that production for profit must, by the inescapable logic of its nature and purpose, restrain production in the interests of a maintained scarcity, must frequently turn down progressive and valuable inventions because, though of priceless potential use to Mankind, they threaten existing vested interests.

Hence such organizations as Britain's energetic Economic League, whose propagandists set up their stands in working class areas to agitate against socialist "chimeras," and inevitably trot out the old red herring about capitalism being a fine thing because the I.C.I. has more shareholders than employees, which may prove something. Hence Sir Henri's own one-man campaigns, his unceasing advocacy of strong-arm methods by

capitalism, his ill-tempered, jittery attacks on "old-fashioned" bankers, his almost open advocacy of government by industrialists, and particularly oil industrialists.

The planned society of such powerful gentlemen as Sir Henri and such voluble apologists as Mr. A. C. Hardy pales into a grotesque, anarchical caricature beside the strong socialized industries of the U.S.S.R. Restricted by no factors other than the availability of labor, of plant and of technical knowledge, catering to a demand co-extensive with the population of the world, these socialized industries, based on true demand (as distinct from the capitalists' "effective demand"), will usher in a civilization compared to which our own society, with its poverty, its ignorance, its monopolies of culture, pleasure and the arts for a tiny majority, its inability to give work, its ineptitude in the face of war, slaughter, epidemics, superstition and brutality, will appear bestial, provincial, indescribably stupid and tragically incompetent. Its standards, of which Sir Henri Deterding is a perfect product, will seem those of Lilliputians, its ideas those of the blind, its "giants" a revolting regiment of neurasthenics, criminals and megalomaniacs, its great nations irrational agglomerations of impotent dupes controlled by irresponsible public enemies.

Further back I have spoken of Ralph Fox who, committed to writing a book about Sir Henri Deterding, deemed it his more urgent duty to go out to Spain and defend Madrid against the advancing armies of international Fascism. In Spain, Italian and German generals, airmen, engineers and troops directed the attack on the elected Republican government of Spain. Fascism wanted Spain because it meant the control of cheap and efficient labor, of all-important minerals, and above all, of the lifelines both of Great Britain and of France, the two empires it next hopes to reduce. Fox went out and gave his life to protect Madrid, which, at the time I am writing this, is still in the hands of the Spanish people. Whatever the outcome of the Spanish War, he and the others who did what he did have given the directors of world Fascism a taste of the temper and determination of some of the world's working

men. What they showed in Spain was a spirit and a speedy willingness to act which Fascism did not expect.

The future of the world will be in the hands of the Deterdings and their kind or of the Foxes and their kind. It is because the Deterdings have the power that the Foxes have to take up rifles to fight and have to be killed by machine-gun fire, by high explosive, by poison gas or by the ruthless blades of the frenzied Moorish conscripts. You can try to escape that statement and its implications, but, try as you may, you will not. Run away from it, ridicule it, deny it flatly, minimize it; it stands, and its implications eddy outwards like the ripples of a disturbed pond, ultimately touching everyone and everything. The Deterdings, the big business men and their agents in the political field, are powerful because, and only because, our ignorance or cynicism or stupidity or apathy give them power. Their power has no relation whatsoever to their inherent ability or right to rule. Their capacity to tackle economic and financial problems as they arise is pitiably inadequate, blazingly meager. Already the world is in the hands of forces they do not understand and cannot control. Already they are reduced to the irrational optimisms and ludicrous wish-thinking that has always underlain their theorizings. Already it is "Let us hope . . . there is reason to believe . . . we must all pray and believe . . . if the worst comes to the worst . . . men of good faith must stand shoulder to shoulder . . ." and the rest of the murky, bankrupt, revolting, panicky, empty clichés. The "wisdom" of Sir Henri, based on his "ripe experience" and "sound judgment" has been revealed in the extracts from his writings and speeches given in this book; and he is considerably more articulate than most of his type.

The men who work to produce wealth, the men and women whose interests do not conflict in any field but are irrevocably bound up with each other, can and must take over control of the production and distribution of wealth before worse befalls. Regardless of race, age, sex and creed, working men of all parts of the world must unite and deprive the men who today hold fatal power in their hands of their capacity to restrict

progress and to turn back the clock. We have traced the career, detailed the activities and recorded the thoughts of one who stood out in his time and place as one of the most able, powerful and international of these men. We have provided material for an estimate of his essential quality and worth. We have looked into his mind, seen something of his daily life, watched him make much out of little. And we have seen the world which he, in many ways the most powerful man in it, has produced. Can we afford to leave our world in such hands any longer?

Some Friends and Enemies of THE MOST POWERFUL MAN IN THE WORLD

ROCKEFELLER
Whose one mistake opened Deterding's road to power.

SIR MARCUS SAMUEL
Who decided to ship Deterding's oil instead of tortoise-shell.

THE HOUSE OF ROTHSCHILD
Who financed the man who was to become Hitler's most powerful ally.

ABDUL HAMID THE DAMNED
Who sold the great Mosul oil field to the right man but the wrong country.

HITLER
Who is fighting Deterding's battles with Deterding's money (nearly $100,000,000 worth).

SIR BASIL ZAHAROFF
The only other alien ever knighted by the British Empire.

WALTER TEAGLE OF STANDARD OIL
Who became Deterding's friendliest enemy.

OTTO KAHN
Who financed Deterding in America and thus helped him to drain it of its oil reserves.

ADMIRAL FISHER
The British naval expert who unconsciously put the empire's fleet in Deterding's control.

STALIN
Who took oil Deterding thought he owned and whose battle with Deterding threatens to end the peace of the world.

GENERAL DENIKIN
The White Russian who almost got the Baku oil fields for Deterding.

IVAR KREUGER
Who wasn't quite smart enough.

GEORG BELL
Who was killed because he knew too much about Deterding and the Nazis.

M. GULBENKIAN
The Armenian with a greater talent for obscurity and nearly as much power as Deterding.

ANTHONY EDEN
Whose policy of collective security was used by Deterding as long as it suited his purposes.

NOTE OF AUTHORITIES.

In writing this book, I have made use of the following books: J. D. Henry's *Baku;* Ludwell Denny's *We Fight For Oil;* Louis Fischer's *Oil Imperialism* and *The Soviets in World Affairs;* Antoine Zischka's *La Guerre Secrète pour le Pétrole;* Frank Hanighen's *The Secret War;* Francis Delaisi's *Oil: Its Influence on Politics;* Anton Mohr's *The Oil War;* R. Page Arnot's *The Politics of Oil; The Oil Trusts & Anglo-American Relations* by E. H. Davenport and Sidney Russell Cooke; Sir Henri Deterding's *An International Oilman,* A. C. Hardy's *Oil Ships and Sea Transport;* C. S. Gulbenkian's *La Transcausie et la Péninsule d'Apchéron;* Bernard Acworth's *Back to the Coal Standard;* Essad Bey's *L'Épopée du Pétrole;* Robert Neumann's *Mammon* and *Zaharoff, the Armaments King;* Lenin's *Imperialism;* Burton Hendrick's *The Life and Letters of Walter H. Page; Round the Track* by "Isaac Lacquedem"; *Hitler as Frankenstein, The Second World War,* and *Escape to the Present,* all by Johannes Steel; *Hitler Over Europe* and *Hitler Over Russia,* both by Ernst Henri; the anonymous *Mirrors of Wall Street; The Brown Book of the Hitler Terror;* Charles Ledré's *Les Emigrés Russes en France;* J. A. Spender's *Weetman Pearson, First Viscount Cowdray;* Francis McCullagh's *The Fall of Abdul Hamid;* H. G. Wells' *The Work, Wealth & Happiness of Mankind;* A. J. Barnouw's *Holland Under Queen Wilhelmina;* John T. Flynn's *God's Gold;* P. J. A. Smith's *The Shell that Hit Germany Hardest;* Alexander Powell's *The Struggle For Power in Moslem Asia;* Anna Rochester's *Rulers of America,* and others.

I have also made use of back numbers of the *Times,* the

Daily Telegraph, the *Morning Post*, the *Daily Chronicle*, the *Daily News*, *News Chronicle*, the *Daily Herald*, the *Daily Mail*, the *Daily Express*, the *Daily Sketch*, the *Daily Mirror*, the *People*, the *Sunday Dispatch*, the *Evening Standard*, the *Star*, the *Evening News*, all of London; also *Time*, the *Christian Science Monitor*, *Cavalcade*, the *New Statesman and Nation*, *International Press Correspondence*, *World Petroleum*, the *Petroleum Times*, the *Financial Times*, *Le Crapouillot*, *Les Documents Politiques*, the *Western Mail*, the *Mirror* (New York), *Current History*, *Collier's*, and the *Economist*.

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